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British Columbia.  
(PROVINCE OF BRITISH COLUMBIA)

# The Governments of Canada before The Rowell Commission 1937-1938

Index of Policies, Claims, Submissions, etc., stated by  
Dominion and Provincial Governments (exclusive of  
Alberta) before Rowell Commission (Royal Commission  
on Dominion-Provincial Relations)  
1937-1938



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VICTORIA, B.C.:

Printed by CHARLES F. HANFIELD, Printer to the King's Most Excellent Majesty.  
1938.







The Province of British Columbia

THE GOVERNMENTS OF CANADA BEFORE

THE ROWELL COMMISSION

1937-1938

Index of policies, claims, submissions, etc., of Dominion and  
Provincial Governments as stated before the Rowell Commission  
(Royal Commission on Dominion-Provincial Relations)  
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Pres. Can. Hist. Review





## PREFACE

"The Governments of Canada before the Rowell Commission, 1937-1938" is a collection of statements of policy, claims, submissions, recommendations, requests, suggestions, conclusions, opinions, assertions, allegations, observations, and positions taken on matters relating to Dominion-Provincial relations by ministers and officials of provincial governments, by officials of the Dominion government and Commissioners, as stated in briefs and hearings before the "Rowell Commission" (Royal Commission on Dominion-Provincial Relations, 1937-1938) \*, indexed and arranged by subjects.

It is proposed to follow "The Governments of Canada before the Rowell Commission, 1937-1938" with a similar such index of the Alberta brief. It was not possible to include an analysis of "The Case for Alberta", (1938) because "The Governments of Canada before the Rowell Commission, 1937-1938" was too far advanced when the Alberta brief appeared.

\* Appointed by Order in Council (P.C. 1908) of August 14, 1937. Notice of appointment appears on p. 519 of Canada Gazette, of August 21, 1937, but the Order in Council does not appear to have been published.





## NOTES

"Dominion" has been used for "federal" in all places except where "federal" is an essential part of a name or quotation.

### Question Marks:

Doubtful original words or passages, or passages substituted for such doubtful words or passages, are followed by a question mark and both the words or passages and the question mark are bracketed. Sometimes a doubtful word or date is followed by a bracketed question mark.

### Sources:

The following abbreviations have been used:

British Columbia Brief for "British Columbia in the Canadian Confederation," being "A Submission Presented to the Royal Commission on Dominion-Provincial Relations by the Government of the Province of British Columbia." (Victoria, B. C.: Chas. F. Banfield, King's Printer, 1938.)

Manitoba Brief for "Manitoba's Case," being "A Submission Presented to the Royal Commission on Dominion-Provincial Relations by the Government of the Province of Manitoba." (Winnipeg, Man.: Jas. L. Cowie, King's Printer for Manitoba, November, 1937) Parts I - IX.

New Brunswick Brief for "Submission by the Government of the Province of New Brunswick to the Royal Commission on Dominion-Provincial Relations." (April, 1938)

Nova Scotia Brief for "A Submission by the Government of the Province of Nova Scotia to the Royal Commission on Dominion-Provincial Relations." (February, 1938).

Ontario Brief for "Statement by the Government of Ontario to the Royal Commission on Dominion-Provincial Relations." (April, 1938) Books I - III.

Prince Edward Island Brief for "The Case of Prince Edward Island," being "A Submission Presented to the Royal Commission on Dominion-Provincial Relations by the Government of Prince Edward Island" (Charlottetown, P.E.I.: Irwin Printing Co., Ltd., (1938?))

Saskatchewan Brief for "A Submission by the Government of Saskatchewan to the Royal Commission on Dominion-Provincial Relations (Canada, 1937)"







## BIBLIOGRAPHY

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### 1. Provincial Government Briefs

(The abbreviations used throughout this work in place of the full names of the briefs have been placed first, to assist the reader in identifying the sources.)

British Columbia Brief--"British Columbia in the Canadian Confederation," being "A Submission Presented to the Royal Commission on Dominion-Provincial Relations by the Government of the Province of British Columbia" (Victoria, B. C.: Chas. F. Banfield, King's Printer, 1938).

Manitoba Brief--"Manitoba's Case," being "A Submission Presented to the Royal Commission on Dominion-Provincial Relations by the Government of the Province of Manitoba" (Winnipeg, Man.: Jas. L. Cowie, King's Printer for Manitoba, November, 1937) Parts I - IX.

New Brunswick Brief--"Submission by the Government of the Province of New Brunswick to the Royal Commission on Dominion-Provincial Relations" (April, 1938).

Nova Scotia Brief--"A Submission by the Government of the Province of Nova Scotia to the Royal Commission on Dominion-Provincial Relations" (February, 1938).

Ontario Brief--"Statement by the Government of Ontario to the Royal Commission on Dominion-Provincial Relations" (April, 1938) Books I - III.

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Saskatchewan Brief--"A Submission by the Government of Saskatchewan to the Royal Commission on Dominion-Provincial Relations (Canada, 1937)."

"Brief of Argument"\* of "British Columbia in the Canadian Confederation," being "A Submission Presented to the Royal Commission on Dominion-Provincial Relations by the Government of the Province of British Columbia" (Victoria, B. C.: Chas. F. Banfield, King's Printer, 1938).

### 2. Reports of Hearings of Royal Commission on Dominion-Provincial Relations\*\* (1937-1938)

\* Not an abbreviation, but the correct title.

\*\*See footnote to preface.





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WHEAT, FREIGHT RATES ON. See under RATES, FREIGHT



# ERRATA

P. 242, index heading of third passage for P.R.R.A. read P.F.R.A.





CONDITION, OBSERVATIONS ON

Saskatchewan, Hon. Mr. Taggart, for:

- (1) There seems to be no permanent downward trend in the annual rainfall.
- (2) There is no serious deterioration in the quality of the soil except in sub-marginal areas.
- (3) The amount of run-off is relatively unimportant.

Report of Hearings

Regina, Sask., December 16, 1937.

pp. 2136-42

DEPARTMENTS OF AGRICULTURE

DUPLICATION OF SERVICES

New Brunswick's Contention:

"The federal and provincial governments have been acting together in connection with agricultural matters. The Dominion and the Province each maintain a staff. The two organizations are working with excellent co-operation and have arranged the work so that there is no duplication of activity. There is constant contact by conferences between the several departments."

New Brunswick Brief

p. 69

Mr. King: "In reference to overlapping of services, I would answer that question absolutely in the negative."

Report of Hearings

Fredericton, N.B., May 20, 1938

p. 8780

DEPARTMENT OF AGRICULTURE, DOMINION

DUPLICATION IN WORK OF PRODUCTION SERVICES BRANCH

Dominion, Mr. Rothwell, Director of Production Services, Department of Agriculture, for:

Mr. Stewart: "Mr. Rothwell, does there exist any overlapping or duplication as between the four services you have just referred to and the provincial activities?"

Mr. Rothwell: "No, I could not tell you of any that exist. That is there may be some few instances where we may be out of our field but as Dr. Barton, I think, very clearly illustrated in his brief, it is with the common consent and understanding with the province. But I do not know of any case. We have been very careful in the matter of duplication or replication of the work."

Mr. Stewart: "And where you are out of your field, as it were, you are there at the request of the province?"

Mr. Rothwell: "Quite so."

Mr. Stewart: "That is unable to do the work?"

Mr. Rothwell: "Quite so."

Report of Hearings

Ottawa, Ont., Feb. 16, 1938

p. 4815

DEPARTMENTS OF AGRICULTURE, DOMINION AND PROVINCIAL

LITTLE EVIDENCE OF DUPLICATION OF SERVICES

Commission's Opinion:

Chairman: "Dr. Barton, we thank you and your colleagues for the information which you have given us. It will be duly considered. The order-in-council, under which this commission was appointed recites that the cost of government has been materially increased by the overlapping and duplication of work between the Dominion and provinces. We have been in search of this duplication for some months, and so far we have not had much evidence of it."

Report of Hearings

Ottawa, Ont., Feb. 16, 1938

p. 4629

DEPARTMENTS OF AGRICULTURE, ONTARIO AND DOMINION

DUPLICATION OF SERVICES.

Mr. Reek: "That can be pretty well disposed of by one statement and it is that the work in agriculture in the province, as between the two departments, is practically co-ordinated. Generally, at the present time there is really no duplication of effort."



AGRICULTURE (Cont'd)

DEPARTMENTS OF AGRICULTURE, ONTARIO AND DOMINION (Concluded)

DUPLICATION OF SERVICES (Concluded)

Mr. St. Laurent: "Your view is that none of the work which is being done is not really efficient production work?"

Mr. Reek: "That is correct."  
Report of Hearings

Toronto, Ontario, May 6, 1938

pp. 7853, 7872-73

EXPENDITURES

NECESSITY OF INCREASE

Ontario's Contention:

"Modern conditions require increased expenditure on agriculture. The development and maintenance of improved standards in production and marketing are necessary for both the export and the domestic trade. More money needs to be invested in research and in the effective popularization of the results of research."  
Ontario Brief, Book 2

p. 35

EXPERIMENTAL FARMS

LACK OF DUPLICATION OF SERVICES

Dominion, Dr. Archibald, Director of Experimental Farms,  
Department of Agriculture, for:

Mr. Stewart: "Mr. Archibald, dealing with the situation as a whole, are there, in your opinion, any activities being carried on by the provinces that could more efficiently or more economically be carried on by the Dominion with regard to those provinces?"

Mr. Archibald: "I know of nothing of any significance."  
Report of Hearings

Ottawa, Ont., Feb. 16, 1938

p. 4802

GRADING

RESPONSIBILITY FOR LEGISLATION AND REGULATION OF GRADING  
AND STANDARDS

New Brunswick's Contention:

Mr. Stewart: "Now, on the subject of marketing, I think you said grading and grade standards were necessarily a matter for Dominion legislation and regulation, is that right?"

Hon. Mr. King: "Yes, sir, the grading of natural products to fixed standards, is in my opinion absolutely essential if Canadian products are to compete successfully in world markets."

Report of Hearings

Fredericton, N.B., May 20, 1938

p. 8782

POPULATION, ABILITY OF LAND TO SUPPORT

Saskatchewan, Hon. Mr. Taggart, for:

States that in his opinion about  $3\frac{1}{2}$  to 4 million acres at present under cultivation are sub-marginal. Most of this is in Southern Saskatchewan and constitutes perhaps 10 per cent of the total cultivated acreage.

There are now a sufficient number of rust resistant varieties to escape serious damage from this quarter in the future.

While the population in corresponding regions of the United States is thinner than in Saskatchewan, most of the present population can be carried, but no increase is considered possible.

Report of Hearings

Regina, Sask., December 16, 1937

pp. 2149-69





AGRICULTURE (Cont'd)

RESEARCH

NO DUPLICATION IN RESEARCH WORK OF DOMINION DEPARTMENT OF  
AGRICULTURE AND NATIONAL RESEARCH COUNCIL

Dominion, Dr. Swaine, Director of Research, Department of  
Agriculture, for:

Commissioner MacKay: "I would like to ask Dr. Swaine one question; is there any duplication between the research work done by the Department of Agriculture and the research work done by the National Research Council?"

Dr. Swaine: "No, sir, quite the contrary."

Report of Hearings

Ottawa, Ont., Feb. 16, 1938

pp. 4828-29

RESPONSIBILITY

QUESTION OF DOMINION OR PROVINCIAL RESPONSIBILITY

New Brunswick's Contention:

Mr. Stewart: "Do you think that research and experimental work and animal health are properly federal objects?"

Mr. King: "I think there is an advantage in that being in a central body."

Mr. Stewart: "With respect to the balance of agricultural activities, do you think any advantage would be gained by having a central administration of such activities; that is, the activities carried on by the provinces?"

Mr. King: "It is difficult to see where a central organization could have that contact with the problems of the various provinces to the extent that a province can."

Mr. Stewart: "In order to be effective in your view if there were a central administration it would have to have local branches?"

Mr. King: "Absolutely."

Mr. Stewart: "And that would not involve any saving over the present method of administration?"

Mr. King: "I cannot see where it would."

Report of Hearings

Fredericton, N.B., May 20, 1938

p. 8781

WHEAT, PRODUCTION OF

Saskatchewan, Hon. Mr. Davis, for:

"The average rate of production of wheat this year was  $21\frac{1}{2}$  bushels per acre. The lowest it had ever been in Saskatchewan before that was 8 bushels per acre. Therefore, virtually the whole Province failed to produce any quantity of wheat."

Report of Hearings

Regina, Sask., December 10, 1937

p. 1391

BANKRUPTCY

COURT DECISIONS

NECESSITY FOR UNIFORMITY

Dominion's Position:

"It would appear desirable that any court dealing with a bankruptcy matter ought to be bound by a previous decision of another court--as exists within each province itself--until a higher court deals therewith, and even then that such higher courts should also be bound by decisions of courts of equal status until still a higher court rules thereon. To the end that there should not be less uncertainty on points of law, it might be desirable that some procedure be established to remedy the situation arising from adverse decisions of two courts of equal jurisdictions."

Report of Hearings,

Ottawa, Ont., May 31, 1938

pp. 9655-56



## BANKRUPTCY (Cont'd)

### CREDITORS' RIGHTS

#### DOMINION AND PROVINCIAL RIGHTS

##### Dominion's Position:

"In addition, provincial legislation of another nature has created a condition which is not consistent with the original intention of the Act. Under the Bankruptcy Act the rights of secured creditors are recognized. Sections 125 and 126 of the Act recognize the rights of municipalities to be preferred for taxes and landlords for rent under their statutory liens, but it is very doubtful if it were intended that the provinces would be allowed to allocate to themselves the right to establish preference by statute of every type of provincial claim to their own advantage.

.....  
"The anomaly has thereby been created of the Dominion in fairness to other more needy creditors such as wage earners foregoing the right which it could have exercised of allocating its own claims to a preferential position over all creditors while the provinces on the other hand have grasped almost every available opportunity of legislating themselves into a preferred position over even those creditors in whose favour the Dominion Government has given way. It is hardly reasonable to believe that parliament ever contemplated such a result."

##### Report of Hearings

Ottawa, Ont., May 31, 1938

pp. 9648-49

### CREDITORS' RIGHTS

#### PROVINCIAL RIGHTS

##### Dominion's Position

"I might say, by way of illustration, that a common belief exists that wage earners have priority in bankrupt estates. It is believed that a claim for wages has priority as well as a landlord's claim and a claim for taxes. I say that that is a general impression, but you will find here that these real property taxes come seventh in the list, the landlord comes thirteenth and the wage earner sixteenth. This whole matter has been confused by provincial legislation."

##### Report of Hearings

Ottawa, Ont., May 31, 1938

p. 9653

### JURISDICTION, DOMINION

##### British Columbia's Recommendation:

25. "The authority of the Dominion with regard to bankruptcy laws should be restated.

"It is an anomalous situation that a contract between the Crown in right of the Province and a farmer, entered into under Provincial legislation, can be altered by a body appointed by the Dominion Government."

##### British Columbia Brief

p. 354

### OFFENCES, BANKRUPTCY

#### UNSATISFACTORY CONDITIONS GOVERNING PROSECUTION OF BANKRUPTCY OFFENCES

##### Dominion's Position:

"The existing conditions respecting prosecutions for bankruptcy offences can hardly be regarded as satisfactory. The attitude of the provincial authorities generally is that bankruptcy offences should be regarded as private matters and that the creditors at large or any individual creditor should assume responsibility for laying an information and prosecuting the charge before the magistrate. In the event of the accused not electing to be tried summarily by a magistrate and the debtor is committed for trial the Crown authorities necessarily then take the prosecution in hand. Occasionally, of course, the provincial authorities prosecute when the offence is unusually serious or is of more than ordinary importance, but generally their attitude is that bankruptcy offences should be initiated as private prosecutions by those who have been defrauded or injured.

"A peculiar situation exists in regard to such prosecutions. Almost without exception sufficient evidence to establish a prima facie case can only be obtained by a very exhaustive investigation of the actions and conduct of the debtor"

.....  
"....Section 195 empowers the Court to order a prosecution in any case in which, upon the facts disclosed in the report filed by a trustee or other interested person thereunder, it is satisfied that there is ground to believe that an offence has been committed. Very





BANKRUPTCY (Cont'd)

OFFENCES, BANKRUPTCY (Concluded)

UNSATISFACTORY CONDITIONS GOVERNING PROSECUTION OF  
BANKRUPTCY OFFENCES (Concluded)

"few prosecutions have been initiated under this section during the past five years, although numerous reports have been made under Section 195 (2) during this period by trustees. The intention of the section was to provide a direct method of putting alleged dishonest debtors on trial. This proceeding of finding a person prima facie guilty, practically ex parte, and without any opportunity of his being heard is foreign to the fundamental principles on which the liberty of the subject is founded. Consequently, the judges have indicated a very great unwillingness to make orders thereunder on their own initiative. It is a very radical departure from the common law procedure in that a judge making an order raises a presumption of guilt which might be difficult to repel before an accused person can make a reply in his own defence and which might cause him considerable prejudice before an inferior court. The section, accordingly has not served the purpose for which it was intended."

Report of Hearings

Ottawa, Ont., May 31, 1938

pp. 9659

RIGHTS, DOMINION AND PROVINCIAL

DOMINION-PROVINCIAL CONFERENCES TO DISCUSS PRIORITY OF  
PROVINCIAL RIGHTS

Commissioner Dafoe: "Mr. Reilley, have there ever been conferences between the law officers of the Dominion and the law officers of the provinces to consider and discuss this matter?"

Mr. Reilley: "Not so far as I am aware, Sir."

Commissioner Dafoe: "It has never been considered as a matter of consideration by the joint authorities?"

Mr. Reilley: "Not that I know of; not in my time, during the last five years since I have been superintendent."

Commissioner Dafoe: "I suppose it would be a fair inference from what you say that perhaps the necessity for consideration along those lines is well established?"

Mr. Reilley: "It is, undoubtedly, I think. But it is just a question, as you know, the difficulty of getting some movement or some action on the matter."

Commissioner Dafoe: "The Dominion apparently has been acquiescent, whereas the provinces have proceeded to themselves declare the priority of rights until the Dominion exercises its overriding power, which I presume it has?"

Mr. Reilley: "I thought you were speaking, Sir, of the prosecution."

Commissioner Dafoe: "No, I am talking about the priority of rights."

Mr. Reilley: "No, there has never been a conference on the matter at all because the provinces have more or less taken the attitude of, what we cannot get to-day we will get to-morrow by amending our legislation to help us."

Report of Hearings

Ottawa, Ont., May 31, 1938

pp. 9663-64

BANKRUPTCY AND INSOLVENCY

RIGHTS, DOMINION AND PROVINCIAL

PRIORITY OF DOMINION AND PROVINCIAL RIGHTS

Commissioner Dafoe: "Do you think the provinces would admit to themselves that they only exercise this power because the Dominion has left the field open?"

Mr. Reilley: "I think we would be obliged to do so; I do not think there is any question whatever, at least in my mind, that the Dominion could set out in one section of its own act how every claim shall be paid no matter who or what it may be."

Acting Chairman: "That would probably lead to recourse to Courts."

Mr. Reilley: "Perhaps, but of course my own opinion would be that the Dominion Legislation must prevail. It has been established in other cases that they have complete authority over bankruptcy and insolvency, and that they can say how money shall be distributed."





BANKRUPTCY AND INSOLVENCY (Concluded)

RIGHTS, DOMINION AND PROVINCIAL (Concluded)

PRIORITY OF DOMINION AND PROVINCIAL RIGHTS (Concluded)

Acting Chairman: "I suppose you refer to Cushing v Dupuy and Larue v Trudell (re Belanger) and The Royal Bank of Canada, both decided by the Privy Council. It is an entirely different proposition."

Mr. Reilley: "Yes."

Report of Hearings

Ottawa, Ont., May 31, 1938

pp. 9664-65

"BETTER TERMS", BRITISH COLUMBIA'S

CLAIMS FOR

CLAIMS, ADMISSABLE

VALUATION, DIFFICULTY OF

British Columbia, Hon. Mr. Farris for:

British Columbia's special claims for better terms have been submitted more on an argumentative basis rather than in dollars and cents. How far these claims can be put in dollars and cents is hard to say.

Report of Hearings

Victoria, B. C., March 25, 1938

p. 5906

CLAIMS, ADMISSABLE

VALUATION, REQUEST FOR

Chairman:

Suggests that of the claims presented by Senator Farris on behalf of British Columbia there are four which clearly relate alone to British Columbia and would therefore presumably be the basis of any claim for special revision. They are:

1. The original population allowance should have been on the basis of 120,000 instead of 60,000 persons.
2. British Columbia's population grant has been based on the decennial census whereas the Prairies got their grant on the basis of a quinquennial census adjusted every two and one-half years.
3. The debt allowance granted was not proportionately as favourable as in the cases of other Provinces.
4. The special topographical character of British Columbia was not taken into consideration.

How much does British Columbia estimate each of these claims represents in dollars and cents?

Report of Hearings

Victoria, B. C., March 25, 1938

p. 5902

Chairman:

As regards British Columbia's special claim for better terms, "that is a claim you say you have been presenting for 40 years, and surely the Government has made up its mind as to how it makes up this claim." It would be a great help to us if we had something more tangible. So that there will be no mistake or misapprehension when we come to consider your claim in detail we want to have before us your contentions, and the figures that you think should apply in relation to them.

Report of Hearings

Victoria, B. C., March 25, 1938

p. 5907

COMMISSION'S ATTITUDE TO BRITISH COLUMBIA'S CLAIMS

Chairman:

"We are instructed by the terms of the Royal Commission to re-examine the financial basis of Confederation.....That involves a consideration of the matter from the start down to date in the light of all developments. We have been advised by the Government that we should consider British Columbia's special claim to consideration..... Now, must we not also consider all that has taken place in connection with the history of the relations between the two before we can reach a conclusion whether British Columbia has not received fair treatment? Secondly, if she has not, what the measure of compensation should be."

Report of Hearings

Victoria, B. C., March 17, 1938

pp. 4980-81



"BETTER TERMS," BRITISH COLUMBIA'S

CLAIMS FOR (Concluded)

REASONS FOR BRITISH COLUMBIA'S CLAIMS

British Columbia's Argument:

British Columbia has a special claim for better terms because: It is submitted that the financial set-up now and heretofore existing between the Dominion and British Columbia has not made adequate provision for the cost of government in the Province, has drained her resources, impeded her industries, and is unfair for the following reasons:

1. The grant allowances are inadequate for and entirely out of proportion to the increasing cost of Provincial government.
  2. The allowances have been made without due consideration of the physical features of the Province, which make the cost of government exceptionally high.
  3. In comparison with other provinces of Canada, equitable treatment has not been received by British Columbia in the matter of Federal subsidies and allowances.
  4. The contribution which British Columbia is making to the Confederation is excessive in comparison either with grants which she receives from the Dominion or with contributions of other Provinces.
  5. Not only is the Federal Income Tax excessive and an invasion of the Provincial Tax Field, but in addition it is applied on a principle contrary to the spirit of Confederation. The B. N. A. Act allotted to the Provinces ownership of the lands, forests, minerals, and other natural resources. The Dominion in levying an income tax on the income derived from the depletion of these assets is in effect appropriating much of the capital of the Province.
  6. It is impossible for the province and the municipalities to meet the necessary costs of the administration of government and debt obligations under existing conditions, except by increasing the burden of taxation to an intolerable extent.
- "Brief of Argument" pp. 5-6

B. N. A. ACT

AMENDMENT OF B. N. A. ACT

"COMPACT THEORY," REJECTION OF

Saskatchewan's Submission:

Neither as a matter of legal theory nor as historical fact has the so-called compact theory of the B. N. A. Act any justification whatsoever. The theory that each Canadian Province is autonomous unto itself and that any amendment of the Constitution can only be by separate contract between the Dominion and the Provinces is not subscribed to by the Saskatchewan Government.

"The principle of unanimity of consent to Constitutional amendment cannot be tolerated."  
Saskatchewan Brief p. 8

AMENDMENT OF B. N. A. ACT

CONSENT OF PROVINCES

Saskatchewan, Hon. Mr. Davis, for:

"I do not believe that there is any legal obligation (on the part of the Dominion) to consult a Province when it comes to the question of Constitutional amendment. "I do not believe that consulting with a Province is more than a matter of practice."

Report of Hearings

Regina, Sask., December 9, 1937

p. 1221

Saskatchewan, Hon. Mr. Davis, for:

"Unanimity of agreement among the Provinces ought not to be required as the condition precedent to amendment of the Constitution." With the one exception that minority rights presently guaranteed under the B. N. A. Act should not be interfered with in the absence of complete agreement among the Provinces.

Report of Hearings

Regina, Sask., December 17, 1937

p. 2277





B. N. A. A C T (Cont'd)

AMENDMENT OF B. N. A. ACT (Cont'd)

DELEGATION OF AMENDING POWER

Nova Scotia's Submission:

Proposals to amend B. N. A. Act:

2. To provide for the reference or delegation of legislative authority by the Provinces to the Dominion and vice versa.

Nova Scotia Brief

p. 14

AMENDMENT OF B. N. A. ACT

GRANTS COMMISSION

Nova Scotia's Submission:

Proposals to amend B. N. A. Act:

3. To provide for the establishment of a Federal Grants Commission to receive, consider and report upon applications from the Provinces for Special grants or subsidies.

Nova Scotia Brief

p. 14

AMENDMENT OF B. N. A. ACT

INADEQUACY OF PROPOSED TAXATION AMENDMENT

Manitoba, Hon. Mr. Garson, for:

The proposal of the Hon. Ernest La Pointe in 1936 that an amendment be made to the B. N. A. Act, to enable the Provinces to impose direct taxes upon retail sales and places of amusement, would be inadequate to solve Manitoba's financial problems. (Provincial expenditures on Unemployment Relief cited)

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 388

AMENDMENT OF B. N. A. ACT

LABOUR LEGISLATION

Nova Scotia's Submission:

Proposals to amend the B. N. A. Act:

8. To concede to the transfer to the Parliament of the Dominion, subject to certain conditions, including ample provision being made for the full protection of local and particular interests, exclusive jurisdiction over the matters of unemployment insurance, employment service, maximum hours of labour, weekly rest, and allied matters.

Nova Scotia Brief

p. 15

AMENDMENT OF B. N. A. ACT

MARKETING

Nova Scotia's Submission:

Proposals to amend the B. N. A. Act:

4. To give the Parliament of the Dominion exclusive jurisdiction over the matter of marketing.

Nova Scotia Brief

p. 15

AMENDMENT OF B. N. A. ACT

NATURE OF NOVA SCOTIA'S SUBMISSIONS

Nova Scotia, Hon. Mr. Macdonald, for:

No sweeping amendments to the B. N. A. Act are suggested by Nova Scotia. Amendments ought to be made, not wholesale or precipitately, but in particular cases as circumstances demonstrate them to be required. The proposed amendments are restricted to specific instances where the need of amendments has made itself apparent.

Report of Hearings

Halifax, N. S., February 3, 1938

p. 3863

AMENDMENT OF B. N. A. ACT

NECESSARY AMENDMENTS

Saskatchewan's Submission:

Certain amendments to the B. N. A. Act are necessary so that:

1. It may be made clear that Canada is a Nation with power to make effective treaties.



B. N. A. A C T (Cont'd)

AMENDMENT OF B. N. A. ACT (Cont'd)

NECESSARY AMENDMENTS (Concluded)

2. The Dominion may be given the necessary power to deal with such matters as are agreed upon as being national in their character.
  3. So that Provinces may be able to co-operate individually with the Dominion without the necessity of constitutional amendment, thus assisting the Province in developing itself.
- Saskatchewan Brief p. 330

AMENDMENT OF B. N. A. ACT

NECESSITY OF AMENDING B. N. A. ACT BY LEGISLATION

Manitoba's Submission:

While acknowledging that our Constitution can be changed by progressive judicial interpretation, it is unlikely that the courts will overrule the long series of decided cases and thus remould the Canadian Constitution by "judicial legislation"; hence any amendment of our Constitution must be by legislative enactment.

Manitoba Brief, Part 2  
Part 2 p. 41

p. 41

AMENDMENT OF B. N. A. ACT

NEED FOR RECOGNIZED PROCEDURE

Nova Scotia, Hon. Mr. Macdonald, for:

Amendments to the Constitution should be made easier in practice. It is essential that some machinery be devised which may be put in motion when the need arises, and that some definite understanding be reached as to the manner in which and conditions of assent subject to which amendments may be made.

At the present time the so-called compact theory is liable to be evoked to support minority views. A definite procedure whereby amendments may be made to the Constitution would remove any doubt as to when, and under what circumstances, minority opinion would have to give way.

Report of Hearings

Halifax, N.S., February 3, 1938

pp. 3870-71

AMENDMENT OF B. N. A. ACT

POWER OF AMENDMENT

Manitoba, Hon. Mr. Major, for:

The Government of the Province of Manitoba is strongly in favour of Canada being given the power to amend her own Constitution, under certain restrictions that would protect special rights and interests.

Report of Hearings

Winnipeg, Man., November 29, 1937

p. 71

Nova Scotia's Submission:

Proposals to amend B. N. A. Act:

1. To give to the Dominion Parliament and the Provincial Legislatures the power to amend the B. N. A. Act, 1867, according to a procedure to be determined by agreement between the Dominion and the Provinces.

Nova Scotia Brief

p. 14

British Columbia's Recommendation:

1. "Power should rest in the Parliament of Canada to amend the British North America Act upon a basis to be agreed between the Provinces and the Dominion."

British Columbia Brief

p. 351

AMENDMENT OF B. N. A. ACT

PROCEDURE

Manitoba's Argument:

"The Government of Manitoba takes the view that the question as to what procedure should be utilized to effect amendments of the Constitution is a topic which at present does not call for any suggestions."

Manitoba Brief, Part 2

p. 42





B. N. A. A C T (Cont'd)

AMENDMENT OF B. N. A. ACT (Cont'd)

PUBLIC HEALTH JURISDICTION

New Brunswick's Position:

Commissioner MacKay: "Would you go further? If you are not sure that it is a matter of federal jurisdiction, should the Act be amended to make it a matter of federal jurisdiction?"

Hon. Mr. Jones: "Of course I am not instructed to speak about that. I did not go quite that far because I really think that it is shown that they have jurisdiction now."

Report of Hearings

Fredericton, N. B., May 19, 1938

p. 8681

AMENDMENT OF B. N. A. ACT

QUEBEC'S POSITION

"Dans l'opinion du gouvernement de Québec, l'Acte de l'Amérique Britannique du Nord est la ratification d'un pacte d'une nature nettement contractuelle

.....  
"Ce caractère conventionnel du pacte fédératif a été trop souvent proclamé, tant par les hommes d'Etat que par les juristes, pour qu'il soit nécessaire d'y insister. Cette doctrine, le gouvernement de cette province déclare la faire sienne."

"De là découle une conséquence primordiale. Participant de la nature des conventions, le pacte fédératif ne peut être ni amendé, ni modifié, sans l'assentiment de toutes les parties; c'est-à-dire de toutes les provinces. Il n'appartient ni à une majorité des provinces, ni encore moins au gouvernement fédéral d'y apporter des changements.

.....  
"Mais à qui appartiendra-t-il de décider qu'une matière déterminée n'intéresse pas les provinces, et où s'arrêter, une fois le principe reconnu? Dans une constitution, il n'y a pas de clauses secondaires.

.....  
"Le peuple de cette province a confiance dans le système parlementaire démocratique tel qu'établi par la constitution de 1867 et il croit que pour faire, face aux conditions actuelles et introduire des réformes, s'il y a lieu, il n'est pas besoin d'amender la constitution, mais qu'il suffit de l'appliquer avec la largeur de vue et l'esprit de conciliation qui ont présidé à la formation du pacte fédératif."

English Translation:

"In the opinion of the government of Quebec, the British North America Act is the ratification of an agreement that is clearly contractual.

"It has been often stated that the British North America Act is in the nature of a treaty. It has been so stated as much by statesmen as by jurists, although it may be necessary to insist upon it. The government of this Province endorses this doctrine.....

"From that doctrine arises a fundamental inference. Like all treaties, the Confederation agreement can be neither amended nor modified without the agreement of all the parties; that is to say of all the provinces. Neither a majority of the provinces nor even the Dominion Government itself, has the power to make any changes in it.

"But who is to decide whether a matter interests the provinces, and who is to decide where to stop, once the principle has been recognized? In a constitution, there are no secondary clauses.....

"The people of this province have confidence in the democratic parliamentary system established by the 1867 Constitution and believe that there is no need to amend the constitution to meet present conditions and to make reforms, if there is need for them, but that it is enough to adapt it with the breadth of vision and in the spirit of conciliation which existed during the creation of the Confederation agreement."

Report of Hearings

Quebec, P. Q., May 12, 1938

pp. 8132-35

AMENDMENT OF B. N. A. ACT

SALES TAXES

Nova Scotia's Submission:

Proposals to amend the B. N. A. Act:

5. To remove any question as to the jurisdiction of the Provinces to impose taxes collected by the Provinces partaking of the nature of sales tax.

Nova Scotia Brief

p. 15





B. N. A. A C T (Cont'd)

AMENDMENT OF B. N. A. ACT (Cont'd)

SETTLEMENT OF NOVA SCOTIA'S SUBMISSIONS

Hon. Mr. Macquarrie, for Nova Scotia:

Suggests that specific amendments proposed in the written Nova Scotia Submission might be dealt with almost immediately. while the question of procedure for amendment of the Constitution might take some time.

Proposals 2 to 9 might be obtained by appeal to the Dominion Parliament.

Report of Hearings

Halifax, N.S., February 3, 1938

pp. 3874-74 A

AMENDMENT OF B. N. A. ACT

UNANIMITY OF PROVINCES

Nova Scotia, Hon. Mr. Macquarrie, for:

In the past Nova Scotia has not adopted the so-called compact theory, but has taken the stand that while complete unanimity of opinion on the part of all the Provinces might be desirable and that the objection of any Province should be given every possible consideration, lack of such unanimity should not be the bar to the amendment.

Report of Hearings

Halifax, N.S., February 3, 1938

p. 3873

APPROPRIATIONS, CONSTITUTIONALITY OF CERTAIN DOMINION

Manitoba, Mr. Major, for:

Expression of grave doubt as to the ability of the Federal Parliament to appropriate monies raised by taxation and expended for matters ruled not strictly within its competence, e.g., Old Age Pensions.

Report of Hearings

Winnipeg, Man., November 29, 1937

p. 48

CONSTITUTION, REQUIREMENTS OF PRACTICAL

Manitoba, Hon. Mr. Garson, for:

A practical scheme of Confederation must allow for each Province if efficiently managed to discharge its responsibilities now and in the future without drifting first into debt and then into default.

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 385

DISABILITIES ARISING UNDER B. N. A. ACT

Manitoba's Case:

Disabilities arising from the Confederation set-up and the judicial interpretations of it are five:

1. The failure to place upon the Dominion Government, with its unlimited tax base, commensurate responsibilities for the welfare of its citizens.
2. The burden on the Provinces of the cost of Social Services not contemplated 67 years ago, but now by practice and judicial interpretation assigned to the Provinces.
3. The inadequacy of the tax base allotted to the Provinces to meet the responsibilities now placed upon them.
4. The Constitutional inability of the Dominion Government to assume and discharge functions of Government (e.g., unemployment relief) now generally recognized to be the special responsibility of central governments.

5. The cost of overlapping services.

Manitoba Brief, Part 8

p. 8

FINANCIAL PLAN OF B. N. A. ACT, UNSATISFACTORY NATURE OF

Manitoba, Hon. Mr. Garson, for:

Even with the return of such normalcy as can legitimately be expected there is no indication that the financial plan of Confederation will work for all provinces. In the Western provinces it has not worked.

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 364



B. N. A. A C T (Cont'd)

INADEQUACY OF B. N. A. ACT

Manitoba:

"The Constitution of Canada as it stands today after 70 years of interpretation does not enable the several jurisdictions in Canada to solve the many present national problems now."

Manitoba Brief, Part 2

p. 2

Manitoba, Hon. Mr. Major, for:

"Our Constitution as it stands at present has ceased to be an effective instrument to Government. It should be amended....."

Report of Hearings

Winnipeg, Man., November 29, 1937

p. 68

INTERPRETATIONS OF B. N. A. ACT, RESULT OF COURT

Manitoba's Contention:

The interpretation pressed by the Courts of the Constitution has resulted in a division of responsibilities and powers quite different from that contemplated by the Fathers of Confederation.

Manitoba Brief, Part 2

p. 1

INVIOABILITY OF B. N. A. ACT

Ontario, Hon. Mittenell F. Hepburn for:

"We do not hold that the Constitution is inviolable just because it will be a year over three score and ten, next July."

Ontario Brief, Book 1

p. 4

POWERS, DELEGATION OF

British Columbia, Hon. Mr. Pattullo, for:

As regards the proposal by Nova Scotia that there should be provision for the delegation of powers between the Dominion and the Provinces it is felt by the Government of British Columbia that such authority is desirable.

Report of Hearings

Victoria, B. C., March 23, 1938

p. 5557

POWERS, DELEGATION OF

CLARIFICATION OF SASKATCHEWAN'S SUGGESTION

Saskatchewan, Hon. Mr. Davis, for:

Clarifies the Saskatchewan suggestion that Provinces should be able to delegate individually certain powers of the Dominion Government by stating that this would not include general powers such as property and civil rights. "But some specific matter that might be within the power of the legislature of the Province that we should like to give to Canada, thereby providing greater elasticity within the Constitution."

Report of Hearings

Regina, Sask., December 17, 1937

p. 2299

POWERS, DELEGATION OF

PROPOSAL FOR DELEGATION OF POWERS

Nova Scotia, Hon. Mr. Macquarrie, for:

It is suggested that the Nova Scotian proposal for delegating legislative powers as between the Provinces and the Dominion might, were it in current practice, have obviated the necessity of many of the specific recommendations for amendment made in the written submission of Nova Scotia.

It is also held that if some of these specific amendments, as suggested by Nova Scotia, fail through lack of agreement to be given effect, the suggestion of permissive delegation of legislative powers might prove a solution to some of the present jurisdictional problems.

Report of Hearings

Halifax, N. S., February 3, 1938

p. 3278





B. N. A. A C T (Cont'd)

POWERS, DOMINION-PROVINCIAL

Manitoba's Contention:

An examination of the sections of the Constitution shows that:

1. There is a distinction between matters of general and matters of merely local concern. The one for the Dominion, the other for the Provinces.
2. That they provide for the supremacy of the Dominion, for not only are the provincial powers subjected to restriction in favour of Dominion powers when conflict arises, but the ultimate residue is left with the Dominion.

Manitoba Brief, Part 2

p. 11

POWERS, RESIDUUM OF

INTENTION OF CONFEDERATION

Manitoba's Contention:

The real residuum of powers, except in cases of national peril and calamity, or domestic convulsions, rests with the Provinces, under their exclusive power over property and civil rights in the Provinces.

In the important matters of "residuum of powers," we have arrived at the very opposite to what was intended by the Fathers of Confederation.

Manitoba Brief, Part 2

p. 29

REVISION FOR B. C.

British Columbia's Recommendation:

2. "The special position of British Columbia in the Confederation of Canada should receive immediate consideration and the terms upon which British Columbia entered into Confederation adjusted in order that British Columbia may be in a position of equality with the other Provinces of Canada when considering new adjustments and relationships in Dominion and Provincial authority."

British Columbia Brief

p. 351

SECTION 91, EFFECT OF

Manitoba:

Under decisions of the Privy Council, the 29 enumerated subjects set out in section 91 have become in effect the sole sources of Dominion power. The illustrations have swallowed up the rule.

Manitoba Brief, Part 2

p. 28

SERVICES, SOCIAL

DOMINION-PROVINCIAL POWERS

Manitoba, Hon. Mr. Major, for:

The Dominion Government according to past judicial decisions has not the power to pass legislation in relation to matters of grave national importance such as unemployment insurance, minimum wages, hours of labour, weekly rest, and other great social services.

The Provinces alone have the powers to pass such legislation, but they cannot in practice deal with such matters satisfactorily, as from their nature only national action in regard thereto can really be effective. Also the Provinces have not at present the power of taxation needed to finance these services.

Report of Hearings

Winnipeg, Man., November 29, 1937

p. 67

C A N N I N G

DEVELOPMENT OF INDUSTRY

EUROPEAN STEEL AND TIN PLATE CARTEL

New Brunswick's Submission:

"Our submission is that there must be a change made by which those who use tinplate in New Brunswick for the purpose of canning any of the natural products of the province may be encouraged in order that business can be successfully carried on. Some radical measure should be taken to put an end to the operation of the combine so far as this Dominion is concerned. It is evidently an illegal combination in restraint of trade."

New Brunswick Brief

p. 65



CHAIRMAN

COMMISSION, SIGNIFICANCE OF

Chairman:

"I think it was our understanding at the start that this was not a new claims commission, it was a commission to examine the financial basis as between the Dominion and the Provinces."

This is the fundamental purpose of the inquiry, however the Western Provinces (i.e. Prairie Provinces) are in an exceptionally difficult condition and have presented very substantial recommendations to the Commission which he must consider.

Report of Hearings

Halifax, N. S., February 4, 1938

p. 3986

FUNDS, EXTENT OF DOMINION

Chairman:

"There is an assumption in this brief (i.e., of Saskatchewan's Teachers' Federation), as in some others that have been brought to our attention, that there is some sort of treasury down at Ottawa from which unlimited sums may be drawn for useful public services. Unfortunately, that is not the case."

Report of Hearings

Regina, Sask., December 15, 1937

p. 1921

CLAIMS, MANITOBA'S

DISABILITIES, PRAIRIES'

ONE OF CAUSES

Ontario, Hon. Mitchell F. Hepburn for:

"You have heard much about that disastrous period, 1931-1936, during which, you were told western wheat-growers suffered, by monetary and tariff policies, to the extent of \$76,000,000 a year; you were told of marginal and sub-marginal farming and abandoned farms; and, unhappily there were hardships in the West (as everywhere) during that period.

"If the West suffered more than the East, there are several explanations, away from federal policy. For one thing, the western farmers are not so well-grounded in their holdings. When the Agricultural Crisis came, the percentage of operators who had been on the farms they occupied for less than five years was as follows: Manitoba, 37.7 p.c.; Saskatchewan, 35.1 p.c.; Alberta, 40.4 p.c."

Ontario Brief, Book 1

p. 12

DISABILITIES, PRAIRIES'

REAL CAUSE OF DISABILITIES

Ontario, Hon. Mitchell F. Hepburn for:

"....a large percentage of them" (the prairie farmers) "were also quite 'new' to the country." (Quotes table from "Census of Canada," 1931, p. cxcii)

".....and in spite of the formidable handicaps of 'newness' there was an actual gain in the number of farms for the period 1931-1936, in which it is claimed the provinces suffered most disability. According to the census returns the number of occupied farms was as follows:

	<u>1931</u>	<u>1936</u>
Manitoba	54,199	57,774
Saskatchewan	136,472	142,391
Alberta	97,408	100,358
Total	288,079	300,523

"Frankly, one finds it difficult to reconcile those figures of growth with the statement of loss through political injury. Whatever the facts about the effects of Federal Policy on prairie economy, there is no room to doubt the effect of the drought. During 1931-1936 a wide-spread area of the West was devastated by the encroaching desert; and numbers of farms were abandoned. Yet each of the provinces had a net gain in farm occupation; and there was loss only in one province of acreage under cultivation. I give the figures from the Census:

Area of Field Crops

	<u>1931</u>	<u>1936</u>
	<u>Acres</u>	<u>Acres</u>
Manitoba	5,842,360	6,123,670
Alberta	22,126,329	21,967,167
Saskatchewan	12,037,394	12,103,744
<u>Ontario Brief, Book 1</u>		

p. 13





CLAIMS, MANITOBA'S (Concluded)

INCONSISTENCIES

MONETARY AND TARIFF POLICY CLAIMS

Ontario's Contention:

"There is incidentally, a fundamental inconsistency between the whole tenor of the argument of Manitoba's Brief, Part III (Monetary Policy), and Part IV (Tariff Policy)."  
Ontario Brief, Book 2

p. 84

CLAIMS, NEW BRUNSWICK'S

RELATIONS, DOMINION-PROVINCIAL

PROPOSAL FOR ADJUSTMENT OF FINANCE AND IMPROVEMENT OF DOMINION-PROVINCIAL RELATIONS

New Brunswick's Submission:

"Our submission is that, apart from the adjustment of any special claims by a province against the Dominion, increased allowances be provided, so far as possible from time to time, by conditional subsidies; that such allowances be based upon the principle of fiscal need; that, in respect of services which are held to be within provincial jurisdiction, administration by the Province with grants-in-aid from the Dominion will prove most efficient; that such grants-in-aid be paid in each case as directly as may be practicable to or for the benefit of the individuals or the particular service to be assisted; that it is most desirable that the existing difficulties be overcome so far as reasonably possible within the limits of the present constitutional provisions, and that there be closer contact and co-operation between the Dominion and the provinces through a department of state for the provinces at Ottawa and departments of federal relations in the provinces."  
New Brunswick Brief

pp. 1-2

SETTLEMENT

CONDITIONAL ACCEPTANCE OF DOMINION BONDS

New Brunswick's Proposal:

"In the meantime it may be stated that in respect to the special claims of the Province as hereinafter set forth, apart from the question of conditional grants-in-aid, we are quite willing to accept the bonds of the Dominion, at the current rate of interest, to cover the amount of such special claims, on a fair adjustment, with the condition that such bonds be held by the Province as an additional sinking fund provision for the redemption of our outstanding bonded liabilities."

New Brunswick Brief

p. 73

CLAIMS, ONTARIO'S

CONDITION GOVERNING MAKING OF CLAIMS

Ontario, Hon. Mitchell F. Hepburn, for:

"If it is the intention of this Commission to check the Account Rendered, this government will ask for the inclusion of certain other matters bearing upon provincial relations....."

Ontario Brief, Book 1

p. 28

EXPENDITURE ON HUDSON'S BAY RAILWAY, ANNUAL DOMINION

REASON FOR INCLUSION

Ontario, Hon. Mitchell F. Hepburn for:

Asks Commission to consider:

"2. The country's annual burden for the Hudson Bay Railway, which, with terminals, cost well over fifty millions; and it is not to be forgotten that the railway was built exclusively for the benefit of the West on a plea of disability in shipping its wheat to the world's markets."

Ontario Brief, Book 1

p. 28

EXPENDITURES FOR RAILWAYS, DOMINION

Ontario, Hon. Mitchell F. Hepburn for:

Asks for:

"1. The distribution of federal expenditures for railways on a per caput basis by provinces."

Ontario Brief, Book 1

p. 26





CLAIMS, ONTARIO'S (Concluded)

PRESENTATION, INTENTION OF

Ontario, Hon. Mitchell F. Hepburn for:

"..... but of course the Province of Ontario has no notion of rendering a counter-account to the other provinces."  
Ontario Brief, Book 1

p. 29

REASON FOR ONTARIO'S CLAIMS

Ontario, Hon. Mitchell F. Hepburn for:

"The balance of loss and gain between the provinces 'in terms of money' is not to be determined by taking only monetary and tariff policies into the count. Other money-adjustments have to be made to determine the economic relations between the provinces."  
Ontario Brief, Book 1

p. 28

CLAIMS, PRAIRIES'

"ACCOUNT RENDERED"

DENIAL BY ONTARIO

Ontario, Hon. Mitchell F. Hepburn, for:

"I dispute the items of the Account Rendered; I shall almost immediately show that the balance of benefits lies with the Prairies; .....when all the items are in the Account the sum total will speak for itself."

Ontario Brief, Book 1

pp. 11-12

"ACCOUNT RENDERED"

ONTARIO'S CLAIMS FOR DEDUCTIONS

Ontario, Hon. Mitchell F. Hepburn, for:

Claims heavy deductions from the Account Rendered. "Motor fuel is a substantial item in the expense of the mechanised farm. The Prairies use about 16,000 barrels of motor fuel a day and in 1937, the Prairies refined about 11,000 barrels a day; and now (in 1938) the West is looking for outside markets. I shall not set down the annual hundreds of thousands that the West claims for sugar; and supplies a large portion of its own wants. Manitoba is celebrated for its harness-makers; but claims compensation on harness, 'without collars and without breeching' because someone says it is cheaper in Minnesota. The economists set down a charge of \$1.50 per year on harness, multiply it by 290,000 farms and then double it to take in the urban population--and present the bill to the rest of us. Mr. Chairman, there are many millions, over a long list of commodities, in the Account Rendered for \$58,000,000 that were put there on the very same unreason.

".....we cannot longer ask for deductions from the Account Rendered for, according to our figures, there is nothing left...."

Ontario Brief, Book 1

p. 24

"ACCOUNT RENDERED", ONTARIO'S INVESTIGATION OF

REQUEST FOR FURTHER INFORMATION

Ontario, Hon. Mitchell F. Hepburn, for:

States that (at the time of speaking) Ontario is checking the Prairies' claims for compensation for \$47,000,000 and \$58,000,000. Presents partial results in a desire for further information.

Ontario Brief, Book 1

p. 23

COMPENSATION FOR DISABILITIES, INDUSTRIALIZATION

Ontario, Hon. Mitchell F. Hepburn for:

".....even the charge of the Prairie Provinces for disability on their own productive energies has its bright side; it confirms the opinion I expressed a while back that the West may retrieve the ill-fortunes that came to it with the fall of the wheat market. For, the Account Rendered reminds us that the West has already gone far enough to prove it can still go further with industrialism. Already Winnipeg is Canada's fourth city of industrial importance and the Prairie Provinces have about a fourth of Canada's total population." He quotes further from "a review of the subject by the Bureau of Statistics."



CLAIMS, PRAIRIES (Concluded)

COMPENSATION FOR DISABILITIES, INDUSTRIALIZATION (Concluded)

"The war exercised a profound and far-reaching influence upon Canadian manufacturers and the western provinces, notwithstanding their greater interest in agriculture, shared in the general stimulation. The inflation of the war and post-war period led to unprecedented figures of value produced.

"Expansion was halted by the post-war depression 'but soon resumed its course', the gross and net values of products reaching a higher point in 1929 than in the post-war boom of 1920, although the prices of manufacturers' goods had dropped about 41 p.c. in the intervening period. A noteworthy feature of the nineteen-twenties was the increasing industrialization of the West, 'the Western Provinces experiencing a proportionately greater expansion than the main manufacturing provinces of Ontario and Quebec.'" Ontario Brief, Book 1

p. 25

PRICES CLAIM, RETAIL

DEDUCTION FROM RETAIL PRICES CLAIM

Ontario, Hon. Mitchell F. Heppburn for:

"Inasmuch as the claim of disability over retail prices is on provincial account, and not on consumers' account, quite evidently, a deduction should be made for that portion of the retail prices expended in the Prairie Provinces, e.g., transportation, advertising, general mercantile costs, and merchants' profits. Our investigators have not arrived at a final figure in the matter, but they suggest 'the spread' is about 40 p.c."

Ontario Brief, Book 1

pp. 23 & 24

PRICES CLAIM, RETAIL

ONTARIO'S DOUBT OF PRICES CLAIM

Ontario, Hon. Mitchell F. Heppburn, for:

"There is evidence (I regret to say, that the disparity in prices between Canada and the United States has been swelled by a comparison of 'unlike' things. I mention washing machines, tubes, and tires, as articles at present under suspicion. The amount involved in these items alone is substantial even when part of a sum total amounting to \$58,000,000."

Ontario Brief, Book 1

p. 23

CLAIMS, PRINCE EDWARD ISLAND'S

JUDICIARY, NUMBER OF SUPREME COURT

Chairman:

In reply to the request of W. E. Bentley, K. C., appealing for the Law Society for Prince Edward Island, who suggested that the Dominion should appoint a fourth judge to the bench of the Provincial supreme court, the Chairman suggests that perhaps the solution might be the establishment of a Maritime court of appeal, the three Maritime Provinces combining in having a common Court of Appeal consisting of four judges.

Report of Hearings

Charlottetown, P.E.I., February 12, 1938

p. 4574

RENUNCIATION OF BACK LOAN, ETC., CLAIMS

CONDITION GOVERNING RENUNCIATION

Prince Edward Island, Mr. Campbell, for:

If we could obtain a satisfactory settlement on the basis of the fiscal need of 1938 the question of back loans and claims on this ground would be wiped out, if we had enough for the fiscal needs of the present moment.

Report of Hearings

Charlottetown, P.E.I., February 10, 1938

p. 4432

CLAIMS OF PROVINCES

DOMINION POLICY

British Columbia, Hon. Mr. Farris, for:

It has become the national policy of Canada to consider the claims





## CLAIMS OF PROVINCES (Cont'd)

### DOMINION POLICY (Concluded)

of the individual Provinces, collectively or separately, as the occasion may arise.

Report of Hearings

Victoria, B. C., March 17, 1938

p. 4986

### FOUNDATION OF CLAIMS

#### UNSOUNDNESS OF FOUNDATION

Ontario claims that "one could not find a more striking illustration of the impracticability of compensating provinces for the disabilities they claim" than the Nova Scotia claim for loss of population due to the opening of the West, and the Manitoba claim for compensation for social services to an expanding population. "The Canadian Government expended hundreds of millions.....in opening the Prairies to markets; when Nova Scotia's sons (among others) went West to seize opportunity, Mr. Rogers presented a bill for Nova Scotia's stagnation, and the Premier of Manitoba presented another one for the social services of an expanding population. If the principle were accepted then we should have an end to national progress; the Federal Government would be compelled to go over to a 'do nothing' policy."

Ontario Brief, Book 1

p. 21

### MAKING OF CLAIMS

#### FEASIBILITY OF MAKING CLAIMS

Commissioner Dafoe: "On the point of the difficulty in allocating these charges, there would be a very special difficulty in trying to allocate the responsibility for the construction cost of our transportation system. You could develop one theory of it that British Columbia is responsible for the building of the transcontinental railway. British Columbia rather flared up at that suggestion in the hearings at Victoria, and quite properly. Then, there is the theory that the cost of the transcontinental railway could, in some way, be charged to the West. However, the west would have been developed without a railway to eastern Canada. It could have been developed by railways from the South just as British Columbia could have had ample transportation facilities without the road through the Rockies. In that case, there would have been no Dominion of Canada. In all these questions of construction the expenditures have to be charged to capital account. The West has a considerable advantage in that connection because the west threw into the pot 31,000,000 acres of land. However, I think it is quite impossible, as I think you suggest, and I think these expenditures which were entered upon for the purpose of creating a nation must be borne by all sections."

Prof. Taylor: "That is specifically my view, sir. We did not think you could get anywhere by breaking down the costs and allocating this to that group and that to another group. The basis of transfer within a federal state must be based on something other than that. You cannot find any formula nor is there any statistical way of measuring the advantage or disadvantage."

Commissioner Dafoe: "You must get at one's ability to pay and consider the taxable capacity of the people."

Prof. Taylor: "In trying to estimate the taxable capacity there are certain things which ought to be taken into consideration."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7799-7800

### SOUNDNESS

#### LACK OF SOUNDNESS

Hon. Mitchell F. Hepburn asserts that "statistically speaking, the principle of 'compensation for disability' is a washout."

Ontario Brief, Book 1

p. 29



## CLAIMS, SASKATCHEWAN'S

### BUDGET, BALANCING OF

#### CONDITION OF PEOPLE

##### Saskatchewan's Submission:

"A balanced budget is not an end in itself, but only a means to an end, the real object being the satisfaction of the wants of the people. As has been remarked, a budget may be balanced on the misery of the people. The government of Saskatchewan insists that its case should not be considered merely as a balanced budget with provision for debt retirement. There is a more fundamental requirement that the position of the people of the Province of Saskatchewan under the national economy should be corrected."

Saskatchewan Brief

p. 307

### DISABILITIES, COMPENSATION FOR

#### ROADS FROM NATIONAL PARKS

##### Saskatchewan, Hon. Mr. Davis, for:

Suggests that the Dominion Government should do something towards balancing the economy of the Province by stimulating tourist trade in Saskatchewan.

Aid might take the form of additional Dominion subsidized roads from the boundary of national parks.

Report of Hearings

Regina, Sask., December 14, 1937

pp. 1829-31

### GROUND'S FOR, ALTERNATIVE

##### Saskatchewan, Hon. Mr. Davis, for:

The Province of Saskatchewan in making the claim for an adjustment of relief might rest its case on any one of the following several propositions:

1. The fiscal need of the Provinces is great.
2. The existing arrangements are inherently faulty.
3. The new social philosophy has resulted in enormous additional expenses.
4. In that much of the West was developed under the auspices of the Dominion Government's immigration policy, there is a special responsibility upon Canada to see that the Canadian standard of living is maintained.

5. Federal policies are strangling development of the Province.

Report of Hearings

Regina, Sask., December 9, 1937

p. 1237

### ONTARIO'S WEALTH, SOURCE OF

##### The Chairman:

"It would be a wrong impression to assume that the wealth in Ontario is largely derived from Saskatchewan or any other Province. That wealth has been accumulated in recent years in Toronto almost wholly from mining."

Report of Hearings

Regina, Sask., December 13, 1937

p. 1592

### PROPOSITIONS, BASIC

##### Saskatchewan, Hon. Mr. Davis, for:

In submitting this case Saskatchewan bases its representations on the following propositions:

1. That Federation is not merely an historical category but a device for advancing the people's welfare.
2. That Government should ensure that no person lacks the necessities of life.
3. In a Confederation such as ours, while such commanding powers are given to the central authority, social services should be provided by Canada to every person within the Federation.
4. There is an obligation on the part of all Canada to see that all persons have a reasonable opportunity and this obligation is definitely on the central government if the policies of that government have operated to the disadvantage of any section.





CLAIMS, SASKATCHEWAN'S (Concluded)

PROPOSITIONS, BASIC (Concluded)

5. That many social services can best be administered by the local authorities.

Report of Hearings

Regina, Sask., December 9, 1937

pp. 1203-04

COAL

C. N. R. COAL

PURCHASE OF C. N. R. COAL

New Brunswick's Claim:

"The operation of the Canadian National Railways in respect of the purchase of coal for consumption in New Brunswick has also been discriminatory against this Province. That railway company is now buying only fifty per cent of their New Brunswick requirements from New Brunswick coal operators.

"Our submission is that it should be arranged that this coal be purchased in New Brunswick provided, of course, that a fair price be fixed from time to time as conditions warrant. It is felt that there would be no difficulty in respect to the price but the same would be determined either by agreement or by some authority authorized to fix the price. If there were any discrepancy in respect to the price of coal the amount of the same should be provided out of the Dominion treasury."

New Brunswick Brief

p. 62

DOMINION POLICY

DETRIMENTAL EFFECT OF DOMINION POLICY

New Brunswick's Claim:

"The policy of the Dominion in respect of the encouragement of coal production has not had the effect of assisting industry in this Province but has had quite the opposite effect and the question is one which, in our view, might be considered by this Commission."

New Brunswick Brief

pp. 59 & 60

NEW BRUNSWICK'S COAL INDUSTRY

NEW BRUNSWICK'S POSITION

"We believe that your Commission could make recommendations that, if put into effect, would place the industry on a stable basis whereby wages could be increased and conditions be made better for all those employed in the industry. If something is not done along this line, the industry may be able to struggle along but will not be in a position to do anything of a permanent nature to improve the conditions of those engaged in it."

New Brunswick Brief

p. 63

COMMISSION, AUSTRALIAN GRANTS

ADAPTABILITY TO CANADA

Chairman:

It seems to me that the Australian method (i.e. that used by the Grants Commission) cannot be applied without considerable alterations to the Canadian situation. For example, the Australian Grants Commission attempts to estimate the amount of money lost due to mis-government and mis-management; such a method hardly likely to promote unity in Canada.

Report of Hearings

Victoria, B. C., March 25, 1938

p. 5905

COMMISSION, DOMINION GRANTS

ESTABLISHMENT OF DOMINION GRANTS COMMISSION

British Columbia, Hon. Mr. Pattullo, for:

It is not thought necessary to appoint a permanent (grants) commission, but rather that the position of any Province should come under review as circumstances dictate."

Report of Hearings

Victoria, B. C., March 23, 1938

p. 5537





COMMISSION, DOMINION GRANTS (Cont'd)

ESTABLISHMENT OF DOMINION GRANTS COMMISSION

APPROVAL OF LOAN AND GRANTS COUNCIL

Prince Edward Island, Mr. James E. Wells, for:  
The Government of Prince Edward Island would favour a loan council and also a grants council.  
Report of Hearings  
Charlottetown, P.E.I., February 10, 1938

p. 4407

FUNCTIONS

Saskatchewan's Submission:

Proposal that there should be a permanent Grants Commission with a duty of examining the needs of the various provinces from time to time and recommending additional grants necessary to meet the fiscal needs of the Provinces as they arise. It is conceded that in making recommendations the administration record of the Province asking for assistance should be examined.  
Saskatchewan Brief

pp. 322 & 333

PRINCIPLES

Nova Scotia, Hon. Mr. Macquarrie, for:

Provision should be made for the establishment of a commission to entertain, examine and report upon applications of the Provinces for grants in addition to those permanent grants now provided upon a definite basis such as the per capita grants or subsidies. It is suggested that such a commission might be patterned to some extent upon the grants commission in Australia.

Such a commission should proceed upon the following broad principles:

1. Each Province, assuming efficient administration, should be enabled to maintain a standard of government service normal throughout Canada upon the basis of a rate of taxation normal throughout Canada: should the service fall below the normal standard, or taxation rise above the normal standard, this condition should be corrected by an appropriate special grant.
2. Wherever the people of a Province, as a result of the incidence of Federal policies, possess a lower standard of living, such conditions, insofar as they are not offset by other Federal actions, should be compensated for by appropriate special consideration.

Report of Hearings

Halifax, N. S., February 3, 1938

pp. 3884-85

REGULATIONS, NECESSITY OF

Nova Scotia, Hon. Mr. Macquarrie, for:

Nova Scotia suggests that if the grants commission as proposed is established it would probably be necessary that regulations and yard sticks would have to be set up at least in a general way, rather than as in Australia where it was left to the Commission to work out its own methods.

Report of Hearings

Halifax, N., S., February 7, 1938

p. 4183

COMMISSION ON DOMINION-PROVINCIAL

RELATIONS, ROYAL

APPOINTMENT OF COMMISSION

MANNER OF APPOINTMENT

Ontario, Hon. Mitchell F. Hepburn, for:

"Further, it is the considered opinion of this government that this Commission should not have been appointed by Order-in-Council; the dignity of this Commission--the gravity of its mission--warranted appointment by the Parliament of Canada. Only a few weeks ago the Prime Minister of Canada held that the export of a certain commodity should not be licensed by Order-in-Council (although to issue a license was clearly within the power of Council, and indeed, for years, the practice); it was contended that relations with a foreign power deserved parliamentary action. The provinces are entitled to no less regard."

Ontario Brief, Book 1

p. 3



COMMISSION ON DOMINION-PROVINCIAL

RELATIONS, ROYAL (Cont'd)

APPOINTMENT OF COMMISSION (Concluded)

REASONS FOR ONTARIO'S ANNOYANCE

Ontario, Hon. Mitchell F. Hepburn for:

Expresses "long deep not of discontent" because Commission had been appointed without his knowledge, while other provinces; viz., Manitoba, Saskatchewan, and Alberta, had evidently been consulted. ("The budget speech of the recent session of the Legislature of Manitoba let the cat out of the bag; in fact, several cats." Manitoba had begun preparations for the Commission almost three months before the terms of reference to this Commission had been made public.)

States reasons for Ontario's annoyance:

1. There has been neither time nor opportunity to study the briefs presented to the Commission to date, all of which concern Ontario in some way, due to Ontario's not being advised of Commission. For example, the two "Accounts Rendered" in the Manitoba Brief, "one for \$47,000,000 a year, for the period 1931-36, and, the other, for \$58,000,000 a year without time limit" would, if entertained, vitally affect Ontario, and might have seriously affected Confederation.

2. At the same time, there are a number of other Commissions (seeming to imply that the number of these Commissions coming all at once added to the difficulty of preparing for the Rowell Commission.)

Ontario Brief, Book 1

pp. 1-3

APPOINTMENT OF COMMISSION, METHOD OF

Ontario, Hon. Mitchell F. Hepburn, for:

"In our view it is a sound principle that the taxation of imports should be a matter of decision by the Federal Parliament and we believe that the development in recent years whereby import duties may be levied by decisions of the Governor-in-Council, or the Minister of National Revenue, constitutes an undesirable method of levying taxation."

"Of course I agree with that statement: but I must say it is passing strange the constitutionalists of Manitoba should have strained at an Order-in-Council dealing with spinach, and swallowed one, empowering a re-examination of the terms of Confederation."

If Manitoba had wanted an example of autocratic and undemocratic government she should have taken the revision of the tariff in 1936 by the Governor-in-Council, undertaken without the offices of a parliamentary-created Tariff Board, and ratified by the representatives of the constituencies only after the revision had been in effect for weeks.

Ontario Brief, Book 1

p. 5

PURPOSE OF COMMISSION

Chairman:

"We were not appointed and we do not understand our function to be, to revise the constitution. That is not the purpose for which the Commission was appointed, nor do we intend that to be our object. We are a fact-finding body. It is our duty to investigate, ascertain the facts and make our report. If on the facts as we find them it would appear that there should be some change in the financial relations between the Dominion and the Provinces, it is our duty to recommend what those changes should be, but our recommendations must be within the strict limits of the Federal constitution." Quotes paragraph of Order-in-Council setting forth the duties of the Commission.

Report of Hearings

Toronto, Ont., May 2, 1938

p. 7452(B)

QUESTIONS OF COMMISSIONERS, PERTINENCY OF

Chairman:

In regard to the questions asked by Mr. Stewart, I should have thought all those questions were inherent in the Order-in-Council and that those were the very questions which the Government would have considered because they are questions which affected the re-





COMMISSION ON DOMINION - PROVINCIAL

RELATIONS, ROYAL (Cont'd)

QUESTIONS OF COMMISSIONERS, PERTINENCY OF (Concluded)

lations between the Dominion and the Provinces which we are called upon to study and re-examine. In the other Provinces, we did not submit any list of questions at all.

Report of Hearings

Victoria, B. C., March 18, 1938

pp. 5262-63

ROWELL COMMISSION

MANNER OF APPOINTMENT

Quebec's Submission:

"Il semble que le gouvernement central ait voulu donner l'impression d'une supériorité fédérale jusque dans le mode qu'il a employé pour constituer la présente Commission. Cette Commission qu'il chargeait d'entrer en relations étroites avec les gouvernements provinciaux, c'est par simple décret ministériel qu'il l'a nommée. C'eût été plus conforme à la dignité des provinces que ceux qu'on leur délèguait fussent nommés par une loi du Parlement, après consultation avec les provinces."

English Translation:

"It seems that the central government wanted to give the impression of federal superiority from the means it used to create the present Commission. It appointed this commission which it charged with entering into direct relations with the provincial governments, by a simple ministerial decree. It would have suited better the dignity of the provinces if the Commissioners had been appointed by parliamentary law after conference with the provinces."

Report of Hearings

Quebec, P.Q., May 12, 1938

p. 8130

ROWELL COMMISSION

QUEBEC'S POSITION BEFORE ROWELL COMMISSION

"Pour ces raisons et prenant à notre compte une parole de l'honorable M. Hepburn, Premier Ministre d'Ontario, nous devons déclarer que le gouvernement de la province de Québec ne comparait devant cette Commission, ni en qualité de demandeur, ni en qualité de défendeur; et qu'il n'entend être lié en aucune façon par les conclusions de votre rapport."

"Si le gouvernement de Québec a cru devoir se faire représenter à cette séance initiale, c'est qu'il n'a pas voulu manquer de courtoisie envers la Commission; c'est aussi parce que son silence aurait pu être considéré comme un acquiescement au principe qu'a posé le gouvernement fédéral, en confiant à une Commission nommée par lui seul la mission de faire enquête en vue d'amender l'acte fédératif de 1867."

English Translation:

"For these reasons and since we endorse the utterance of the Hon. Mr. Hepburn, Prime Minister of Ontario, it is our duty to state that the government of the province of Quebec does not appear before this Commission either as a plaintiff or as a defendant; and that it does not consider that it is bound in any way by the conclusions of your report."

"If the government of Quebec considers that it should appear at this initial sitting it is because it did not want to be lacking in courtesy towards the Commission; also because its silence would have been considered as agreement to the principle put forward by the Dominion Government, when it entrusted the mission of making investigations with a view to amending the B. N. A. Act to a commission appointed by itself alone."

Report of Hearings

Quebec, P.Q., May 12, 1938

pp. 8130-31

SETTLEMENTS, POLICY OF MAKING

Chairman:

As regards previous settlements, this commission will not be bound, in the sense of being legally bound, by what has gone before. The commission will approach past settlements from the standpoint of what is fair and equitable.

Report of Hearings

Victoria, B. C., March 17, 1938

p. 4981



## COMPANIES

### INCORPORATION

#### ESTABLISHMENT OF CENTRAL NATIONAL BUREAU FOR EXCHANGING INFORMATION CONCERNING INCORPORATION

Mr. St. Laurent: "Progress is being made, you say, towards the goal of establishing a national bureau where all the information with respect to securities would be available to all concerned?"

Mr. Coleman: "That has been proposed, and while the government has not yet taken any official action on the matter I am inclined to think it is being very favourably considered. It would not at any rate involve any very great expense.

.....2.....  
"We felt that if there was a central bureau to which the Commissioner could send reports weekly or periodically that such-and-such a company was being investigated or that such-and-such a man had applied for a license and had been refused, the other Commissioners would be on their guard in case of an application being made and could inquire into all the circumstances. It would also be very useful to the Dominion."

Mr. St. Laurent: "You think that having this information available would be in the interest of the public and helpful in the administration of company affairs?"

Mr. Coleman: "I do."

Report of Hearings

Ottawa, Ont., Jan. 26, 1938

pp. 3450-51

### INSURANCE COMPANIES

#### DOMINION SUPERVISION WOULD SAVE MONEY AND AVOID DUPLICATION

Dominion, Mr. Finlayson, Superintendent of Insurance, Loan  
and Trust Companies, for:

Mr. St. Laurent: "It is noted here that: 'the making of similar arrangements with all the provinces of Canada would not involve an addition to the Dominion department's expense of more than from five to ten per cent of its present expenditure.'"

Mr. Finlayson: "That is a conservative statement. I believe, certainly, that by the addition of not more than 10 per cent--more probably 5 per cent--to the present expenditures of the Dominion department, the supervision of all insurance in Canada, provincial licensees as well as Dominion, could be taken care of."

Mr. St. Laurent: "The present expenditure is \$151,000, as shown at the top of page 9?"

Mr. Finlayson: "Yes; and the provincial expenditure is \$148,000."

Mr. St. Laurent: "And from 5 to 10 per cent would mean from 5 to 10 per cent on \$151,000?"

Mr. Finlayson: "Yes."

Mr. St. Laurent: "So that for an additional sum of between \$7,000 and \$15,000 the federal department would be enabled to do the supervising and inspecting of all the companies that are not now supervised and inspected by federal authority?"

Mr. Finlayson: "That is a fair statement."

Mr. St. Laurent: "Whilst on the other hand, as it is done at the present time, from the best information you can gather from the accounts of the provinces, there is an additional \$148,000 expended?"

Mr. Finlayson: "Yes. I should qualify that by what I say later on on that page. There is a function exercised by the provinces which is not exercised (by ?) the Dominion; that is to say the licensing of insurance agents. The Dominion does not licence insurance agents. It licenses companies, but the provinces do issue licenses--most of the provinces--to all these agents. Of course, they get a revenue from it; I suppose they get more revenue than it costs them."

Mr. St. Laurent: "Does this \$148,000, from the best information you have been able to gather from the accounts, include the expenditure made for the purpose of licensing agents?"

Mr. Finlayson: "I think it does. That is so now with the exception of the provinces that do not appear there."

Report of Hearings

Ottawa, Ont., Jan. 25, 1938

pp. 3435-36





COMPANIES (Concluded)

REGULATION

ECONOMY OF DIVIDED JURISDICTION OVER COMPANIES

Dominion, Mr. Coleman, Under Secretary of State, for:

Commissioner MacKay: "Do you think the present system of divided jurisdiction is about as inexpensive a system as can be worked out?"

.....  
Mr. Coleman: "From the point of view of administrative expense you would probably have to pay as much to maintain the agencies as the provinces are now paying for their company branches."

.....  
"From the point of view of administrative saving it would probably not be very large."

Report of Hearings

Ottawa, Ont., Jan. 26, 1938

pp. 3467-68

REGULATION

POSSIBILITY OF ECONOMY IN ADMINISTRATION WITHOUT RE-ALLOCATION  
OF CONSTITUTIONAL POWERS

Dominion, Mr. Coleman, Under Secretary of State, for:

Commissioner Angus: "Is it also your view that everything that is desirable" (towards "eliminating expense both to the public and in matters of administration" of the Companies Act) "can readily be done without any re-allocation of powers under the British North America Act?"

Mr. Coleman: "Yes."

Report of Hearings

Ottawa, Ont., Jan. 26, 1938

p. 3452

CONDITIONS, SOCIAL

EMPLOYABLES AND UNEMPLOYABLES

DISTINCTION BETWEEN EMPLOYABLES AND UNEMPLOYABLES

Saskatchewan, Hon. Mr. Davis, for:

As yet there has been no distinction between employables and unemployables in this province.

Report of Hearings

Regina, Sask., December 9, 1937

p. 1305

CONFEDERATION

AGREEMENT

DEVELOPMENT OF WESTERN-MARITIME TRADE

Commissioner MacKay: "It is certain, Mr. Jones, that the London Conference thought of the trade with the seaboard as being trade through the Maritime ports?"

Hon. Mr. Jones: "I would think there is no other construction to put on it."

Commissioner MacKay: "Well he" (the Hon. Geo. Brown) "is talking about the canal system there. Apparently the canal system and the Great Lakes would open the trade through to the Seaboard."

.....  
"Then the inference is that he is thinking of the St. Lawrence as the seaboard?"

Hon. Mr. Jones: "No, I would not say that necessarily followed because it is not the seaboard."

Commissioner MacKay: "I am not saying whether it is or not, but it seems to me that George Brown is thinking of the St. Lawrence ports there."

Hon. Mr. Jones: "Except that he says here--of course, we have brief citations, but I think that is perhaps the only one which might indicate that he had in view the St. Lawrence. He is also cited at page 108 and there is no doubt that he is dealing with the Maritime provinces at this point: 'It will make Halifax and Saint John the Atlantic seaports for half a continent..'

"That should be fairly plain.. 'the Atlantic seaports for half a continent..'"

Commissioner MacKay: "He is referring to the Inter-colonial Railway."





C O N F E D E R A T I O N (Cont'd)

AGREEMENT (Concluded)

DEVELOPMENT OF WESTERN-MARITIME TRADE (Concluded)

Hon. Mr. Jones: "No, he is referring to the Confederation. The whole thing is an endeavour to induce the Maritime Provinces, as we see it, to go into Confederation."

Commissioner Dafoe: "....that" (Mr. Galt's speech, New Brunswick Brief, p. 98) "does not suggest that there was now to be any further development of canals in the River St. Lawrence."

Hon. Mr. Jones: "Of course, the whole scheme was to connect the Intercolonial Railway up with whatever transportation facilities they had through the canals and St. Lawrence, so that the Maritime trade would be developed. It did not necessarily involve, perhaps, a transcontinental railway, it was simply that these Ports of the Maritimes should be connected up with whatever there was in the canals and in the St. Lawrence."

Commissioner Dafoe: "Exactly, I do not think at that time they realized the law that railways cannot compete with water routes, and that there is a pressure which sends ships as far inland as they can go."

Hon. Mr. Jones: "....But I thought, and I still think, that the only seaboard intended was the seaboard of the Maritime Provinces..."

"....But what we do say is that whether it was the design to use the railway or use the canals, still it was to be linked up, because the Intercolonial Railway would be of no use unless it were linked up with some service to the West. There may be a difference of opinion as to the construction of that paragraph, but we say the only seaboard is a seaboard that is available all the year round. You would not say that they have a seaboard when it is shut up for half the year or three-quarters of the year,--you would not call that a seaboard. I am speaking now of the actual construction."

Report of Hearings

Fredericton, N. B., May 23, 1938

pp. 9023-35

AGREEMENTS

RIGHT OF ORIGINAL PROVINCES TO MAKE AGREEMENTS

Commissioner Dafoe: "Now, as to the powers of that conference, the Maritime delegates were obviously going to meet the Canadian delegates to make the arrangement, but do you not think it peculiar that the instructions to both the Nova Scotia and New Brunswick delegates were that they were to arrange with the Imperial Government--it is quoted here somewhere. This was the authorization given them; it was not the authorization to meet with the delegates of Canada to make a union, but to arrange with the Imperial Government. Now, what would be your explanation of those instructions?"

Hon. Mr. Jones: "Well, it certainly could not mean that those delegates were supposed to go over there and ignore the other provinces. It certainly could not mean that in view of the whole situation, even though a strict wording of it would exclude Canada, one would hardly suppose that the government would expect its men to go over and arrange with the British Government any union with provinces not represented there."

Commissioner Dafoe: "Would you not think that was a revelation of the fact that they knew that the Canadian delegates themselves could not make an agreement? The word 'agreement' has various meanings, but it must have been thought that they could not make an agreement which would bring into existence in this part of North America a Confederation or Legislative Union or anything of that kind."

Hon. Mr. Jones: "They could not do it without the Imperial Parliament, that is so far as the creation of the Dominion is concerned. They could not create a central body with any authority of any kind without the sanction and approval of the Imperial Parliament."

Commissioner Dafoe: "No, they could not create a body with any authority without the sanction of the Imperial Parliament."

Hon. Mr. Jones: "Of course, it required an Imperial Act to incorporate the Dominion."

Commissioner Dafoe: "As a matter of fact, a record of the preceding ten years shows that the British provinces had very limited rights."

Report of Hearings

Fredericton, N. B., May 23, 1938

pp. 9016-17



C O N F E D E R A T I O N (Cont'd)

BASIS OF CONFEDERATION

LONDON RESOLUTIONS AS BASIS OF CONFEDERATION

New Brunswick's Contention:

Commissioner Dafoe: "...Now, the proposition of the New Brunswick Government is that it was the London Resolutions that was the basis of Confederation?"

Hon. Mr. Jones: "Yes."

Commissioner Dafoe: "And that in so far as they were not incorporated in the British North America Act they retained, shall we say, a moral authority?"

Hon. Mr. Jones: "Well, I would not put it forward before this Commission as a strict legal claim,--not at the moment--but it was in the nature of an agreement that the provinces and the Dominion should carry out, from the standpoint of what is fair and right and just."

Commissioner Dafoe: "I do not think there would be any dispute about that; that it is not legally valid, but it does indicate a general attitude, and that within the range of possibility it ought to be carried out."

Hon. Mr. Jones: "I am not to be understood to say that I admit there is no legal claim but at the same time we are not putting it forward to this Commission as a legal claim because if we did the Commission might tell us to go to the Courts and have it decided. But I do not want to admit it, and I am not instructed to admit that there is no legal claim. However, I think you have expressed it very well, that that is our submission, that it shows the design and the understanding which all the parties had, that this agreement should be carried out by the Dominion when it was incorporated, and that the Dominion has recognized it by the Intercolonial Railway Act and by the Maritime Freight Rate Act, and all those conditions which are fully set out in the brief; they have recognized from time to time, even what you said this morning about the Grand Trunk Pacific Railway, there seemed to be an attempt to carry out something in regard to the Maritime Ports by the construction of this road. Of course in that connection I am not sure that from the wheatfields to the seaboard at St. John and Halifax there are any uphill grades,--they are all downhill."

Commissioner Dafoe: "I am thinking now of my own country, and I believe we represented to the electors of the West that it was practically downhill all the way from Winnipeg to Tidewater."

Hon. Mr. Jones: "I mentioned that because the remark was made this morning that water would not run uphill, but there is no uphill, the grades are wonderful, and the road was constructed with the idea that freight might be carried to the Ports of the Maritime Provinces. And, of course, there is just this observation to make, that even if it cost a little more it should not be saddled upon the railways, but from our standpoint the Dominion Government was charged with the duty of developing this trade, and if it costs something to do it it is for them to do it, no matter what water transportation there is, or what railway transportation."

Commissioner Dafoe: "Unless there was that justification behind the transcontinental movement from Moncton to Winnipeg--I am afraid there was no justification, and that was the justification which was advanced and pleaded at that time."

Hon. Mr. Jones: "Of course, we claim that according to the design, that was intended and that our people relied upon it, because after all the construction of this railway, unless they had the picture of development of the Maritime Ports, would not have induced us to go into Confederation."

Report of Hearings

Fredericton, N. B., May 20, 1938

pp. 9010-12

BASIS OF CONFEDERATION

LONDON RESOLUTION NO. 66

Commissioner Dafoe: "I think the whole case or much of the case rests upon the theory that there was a formal contract and that no. 66, thought it is not to be found in the B. N. A. Act, was the basis of the contract, and that if one desired to get the scope of intention





CONFEDERATION (Cont'd)

BASIS OF CONFEDERATION (Cont'd)

LONDON RESOLUTION NO. 66 (Concluded)

of the contract as outlined in Resolution 66, one had to read it in the light of statements made in speeches by Upper Canadian representatives when they visited the Maritimes in the interval between the Charlottetown Conference and the Quebec Conference, supplemented by certain statements which were made during the Confederation Debates."

Hon. Mr. Jones: "Our attitude was that those, read in connection with resolution 66, would tend to explain what the contract or agreement between the parties was."

Commissioner Dafoe: "Yes, the whole thing together."

Hon. Mr. Jones: "But I would not like to subscribe to the theory that Resolution 66 requires any pronouncements in order to make its meaning plain."

Commissioner Dafoe: "You think if the speeches had not been made that the terms of resolution 66 are, in themselves, explicit?"

Hon. Mr. Jones: "Yes, coupled with the terms of the Act, the terms of Resolution 65, all coupled together, I think they are sufficiently explicit to convey the meaning which was intended, but taken with those pronouncements, I think it is abundantly plain."

Report of Hearings

Fredericton, N. B., May 23, 1938

pp. 9014-15

BASIS OF CONFEDERATION

QUEBEC RESOLUTIONS AS BASIS OF AGREEMENT

New Brunswick's Contention:

Commissioner Dafoe: "I would say that the statements in this brief on that point, which I think are in strict accord with historical facts, entirely remove the contention that the Quebec Resolutions were a treaty, and render invalid all those references to which our attention is so frequently drawn, and I think if that has been accomplished something has been attained."

Report of Hearings

Fredericton, N. B., May 20, 1938

p. 9010

CONDITIONS

ADJUSTMENT AND COMPENSATION FOR NON-FULFILMENT

New Brunswick's Submission:

"We therefore submit that a recommendation be made that the Dominion forthwith provide a schedule of freight rates based upon what was designed at Confederation and not upon exclusively commercial considerations; that the jurisdiction over rates on the Inter-colonial Railway be removed from the control of the Railway Commission; that there should be a subsidiary management of the Government Railways in New Brunswick established at Moncton, authorized and instructed to carry out the terms of the Confederation Agreement; that improvements be made in the facilities at the ports of the Maritime Provinces, shipping connections established and ocean freights arranged in order that the trade between the Great West and the Seaboard may be fully developed; and that the Province of New Brunswick should receive some compensation for its loss by reason of the non-fulfilment of the obligations of the Dominion."

New Brunswick Brief

p. 121

CONDITIONS

DEVELOPMENT OF MARITIME HARBOURS

New Brunswick's Submission:

"As above pointed out the shipment of grain in large quantities in the early days of Confederation would have built up the ports of Saint John and Halifax and shipping would have been attracted to those ports for the carriage of grain and for the delivery of imports into Canada. That has not been done and it may be more difficult now to accomplish that result. But even if it were more difficult, the duty is there on the part of the Dominion. The Dominion should have assumed the financial responsibility of making provisions in



CONFEDERATION (Cont'd)

CONDITIONS (Cont'd)

DEVELOPMENT OF MARITIME HARBOURS (Concluded)

some form for the carrying out of the Confederation agreement in that respect sixty years ago and when once the momentum was given to the trade the success of it would have been assured. It might cost the Dominion something to do that, but it frequently costs persons and corporations something to carry out their contracts.

"What we submit is that such a condition would have been reasonably possible of accomplishment."

New Brunswick Brief

pp. 115 & 116

CONDITIONS

DEVELOPMENT OF MONTREAL

New Brunswick's Contention:

"Our complaint is that the Dominion has persistently ignored the rights of the Maritime Provinces. Montreal was not, and is not now, an ocean port. The only ports at the seaboard were ports in the Maritime Provinces."

New Brunswick Brief

p. 113

CONDITIONS

FULFILMENT OF CONDITIONS

New Brunswick's Position:

"The position of New Brunswick is that some recognition was paid to the obligations of the compact by the Dominion Government, in the construction of the Intercolonial Railway and the fairly reasonable operation thereof on a service basis for many years; but that there was no proper attempt made to fulfill other conditions of the contract."

New Brunswick Brief

p. 109

CONDITIONS

MEANING AND INTENTION OF LONDON RESOLUTIONS

New Brunswick's Submission:

"We submit that the terms of these resolutions are sufficiently clear in themselves and that the improvements contemplated involved inter alia the establishment of harbour facilities and shipping connections at the ports of the Maritime Provinces and proper operation of the railway. The meaning will be abundantly plain when we take into account the pronouncements which were made by members of the Government of Canada prior to Confederation."

New Brunswick Brief

p. 96

CONDITIONS

OBLIGATION OF DOMINION TO FOSTER WESTERN-MARITIME TRADE

New Brunswick's Submission:

"It is therefore submitted that it was the duty of the Dominion to make improvements in harbour facilities, shipping connections and overseas freight rates so that there might be a continuous development of trade between the Great West and the Seaboard."

New Brunswick Brief

p. 110

CONDITIONS

OBLIGATION OF DOMINION TO FULFILL CONDITIONS OF LONDON  
RESOLUTIONS

New Brunswick's Submission:

"His Majesty the King, in right of the Dominion assumed those obligations which were imposed upon the Dominion by the agreement."

(London Resolutions) "Our submission is that these obligations became contractual obligations to be performed by the Dominion."

New Brunswick Brief

pp. 89 & 90





## CONFEDERATION (Cont'd)

### CONDITIONS (Cont'd)

#### POWER OF COMMISSION TO INVESTIGATE FULFILMENT

##### New Brunswick's Contention:

"Our submission is that the present Commission, under its authority whereby it is required to conduct a re-examination of the economic and financial basis of Confederation is empowered to deal with the question raised by us in this Part."

New Brunswick Brief

p. 106

### CONDITIONS

#### RAILWAY AND LABOUR EXPENDITURES IN UNITED STATES

"...It" (the Dominion) "did not build up national harbours at Saint John and Halifax. It did not discontinue the traffic to the American ports or to try to do so. They had obtained Confederation. They could say to the United States: 'We are independent now; we have a seaboard open all the year round.' That seemed to satisfy the politicians. The Dominion even made investments amounting to 156 millions of dollars in railway transportation and harbour facilities in the United States and assumed an indirect liability of many millions more."

"We regard this expenditure in a foreign country as entirely beyond the powers of the Dominion Government."

New Brunswick Brief

p. 112

### CONTRIBUTIONS TO CONFEDERATION, ONTARIO'S

#### DEVELOPMENT OF THE WEST

"Ontario people took a large part in the opening of the West." Figures are given showing the extent of the contribution. "This large western migration did not occur without creating difficulties and losses in Ontario. It produced a serious problem of rural depopulation." Figures are quoted showing the effect of migration.

"These thirty years were in large measure, years of urban industrial expansion, and the effects of the westward migration of the rural Ontario-born were largely concealed in the general upward movement. But it caused acute distress in the areas most affected; abandoned farms, high taxation, lowered standards of life, the disruption of the whole social and economic life of a considerable part of Ontario. In part the population was drawn off by the lure of the West, but in large part it was driven off the Ontario wheat fields by the competition of low-cost Prairie wheat."

"These Ontario people who so largely settled the West were in many respects the best of our blood. Born, educated and trained in Ontario they gave the best of their working lives to developing the West."

Ontario Brief, Book 2

pp. 7 & 8

### CONTRIBUTIONS TO CONFEDERATION, ONTARIO'S

#### EDUCATION

"Ontario is proud of its contributions to the Dominion as a whole through its educational institutions. The many millions of dollars spent on its universities have been dispersed through the services of its graduates in every section of the Dominion."

Ontario Brief, Book 2

p. 7

### CONTRIBUTIONS TO CONFEDERATION, ONTARIO'S

#### GENERAL CONTRIBUTIONS

"Ontario statesmen and Ontario public opinion played leading roles in bringing about Confederation, and Ontario has always borne its full share of the political and economic burdens of Confederation."

Ontario Brief, Book 2

p. 7

### CONTRIBUTIONS TO CONFEDERATION, ONTARIO'S

#### INVESTMENTS IN WEST

"Considerable amounts of Ontario money went into the development of





C O N F E D E R A T I O N (Cont'd)

CONTRIBUTIONS TO CONFEDERATION, ONTARIO'S (Concluded)

INVESTMENTS IN WEST (Cont'd)

"the West. Most of the foreign industrial capital invested in Canada is in Ontario. Much of the money used in financing the costs of settlement of the Western farmer came from Ontario. Foreign capital was reluctant to venture into this less familiar and more risky field in sufficient quantities, and, in a sense, the credit of Ontario industries and resources was pledged to provide capital for western development. It is reasonably certain that taking good years with bad, the money so invested has yielded no more, if as much as a normal rate of interest."

Ontario Brief, Book 2

p. 8

CONTRIBUTIONS TO CONFEDERATION, ONTARIO'S

PUBLIC WORKS

"Ontario has spent hundreds of millions of dollars on highways and northern development, and out of much of this development the Dominion draws far more revenue than does the Province. The economy of the Dominion as a whole has profited immeasurably from these developmental works."

Ontario Brief, Book 2

p. 7

CONTRIBUTIONS TO CONFEDERATION, ONTARIO'S

TAXATION

"As we shall show later on, Ontario pays over 45% of the Dominion's taxes and the Dominion tax collections in Ontario per caput are higher than in any other province and more than twice as much per caput as in six of the eight provinces."

Ontario Brief, Book 2

p. 7

COST TO BRITISH COLUMBIA

British Columbia, Dr. Carrothers, for:

As regards the Federal tariff policy, we are not suggesting these policies are wrong, for that is a matter for discussion elsewhere, "but we do suggest that being in the Canadian Confederation costs British Columbia something."

Report of Hearings

Victoria, B. C., March 18, 1938

p. 5179

IDEAL OF CONFEDERATION, POLITICAL

Ontario, Hon. Mitchell F. Hepburn, for:

".....were the men of 1837 to take stock of our politics in 1938, they would find very little left of the political ideals on which they placed such store."

Ontario Brief, Book 1

p. 5

LONDON RESOLUTIONS

VALIDITY OF LONDON RESOLUTIONS

Commissioner Dafoe: "Now, all this goes to support my own view that the powers of the provinces were very limited, that they were dependent and had nothing in the nature of sovereign rights and that therefore the resolutions of London had no validity apart from the action of the Imperial Government."

.....  
"Well now, the resolution not included in that measure is not, I would say, a part of the Treaty. It retains whatever value it has, whatever validity it has, in its moral content as to what it imposed upon the Dominion when a general understanding as to what should be done was being reached."

.....  
Hon. Mr. Jones: "Of course, in that connection, in addition to what we might say about the authority of the delegates and the authority of the provinces which existed to make these arrangements--we say that it is clear that the provinces did agree and that that is sufficient to confer upon them the power to have agreed. The fact that they agreed is very positive in the B. N. A. Act, 'The provinces do agree and they do express desire and consequently--' If they agreed upon something without the authority of the British Parliament for



C O N F E D E R A T I O N (Cont'd)

LONDON RESOLUTIONS (Concluded)

VALIDITY OF LONDON RESOLUTIONS (Concluded)

"them to have made this obligation of agreement, we say that goes back and gives jurisdiction to those provinces afterwards, in respect to whatever they did agree at the London Conference. We can link up the London Conference so plainly with the agreement and link it up so plainly with the Dominion that it shows that the Dominion assumed the responsibility in connection with, even this Resolution 66."

Commissioner Dafoe: "Yes, but it did not need that to authorize the Dominion to do anything which was within its sovereign powers in the way of developing the ports of the Maritimes."

Hon. Mr. Jones: "Yes, but the Dominion accepted the agreement. The point I wish to make here is that the Dominion was a free agent when it was incorporated, that is in respect to this particular matter..."

".... it is just the same as if the provinces had supplied the \$15,000,000 or the three million pounds sterling; the Dominion was willing to accept this three million pounds sterling for the building of the railway. The Dominion did not have to take it if it could finance it by itself. Therefore, the Act of British North America did not contain the whole scheme of Confederation....."

Commissioner Dafoe: "Do you not think that the guarantee was completely fulfilled when the Intercolonial Railway was built in keeping with Article 145 of the B. N. A. Act?"

Hon. Mr. Jones: "I referred to it more particularly to show that the Dominion came into disagreement and that it recognized the agreement because the provinces had arranged to supply it with three million pounds sterling. If the Dominion failed in the agreement, it must necessarily fail in the terms of the contract. It could not accept the benefit of it without being responsible for the disadvantage."

Commissioner Dafoe: "I think there is ground for a difference of opinion on that. Article 145 provided for the building of the Intercolonial; the building of it in six months and the conclusion of it with the least possible delay. The fact that Resolution 66 was not included in the enactment permits the assumption that it was merely a declaration of attitude or understanding, the scope of which and the intent of which was a matter to be decided as the years went by by the Dominion Government; the matter in dispute is whether in what the Dominion Government did in subsequent years, it fulfilled the spirit of Resolution 66; this becomes a subject for discussion."

Hon. Mr. Jones: "But that was a peremptory statement as to what the Dominion should do with Resolution 66. It was to be prosecuted at the earliest possible moment when the finances were available and was to be prosecuted by the Dominion, so that it is an imperative provision by the Crown.....Now, that design has been recognized by the Dominion Parliament, that is what we say in the brief. It is in the preamble to the Maritime Freight Rates Act, that is there is a pronouncement there by parliament that once the design or the intention can be determined, the intention of those who entered into Confederation, then it is the duty of the country to carry it out. Of course, it would not matter whether it is legal or not, so far as the Crown is concerned it is the duty of Canada to carry it out."

"What we are alleging is apart altogether from that question."  
Report of Hearings

Fredericton, N.B., May 23, 1938

pp. 9018-22

MARITIME UNION

POSSIBILITY AND ADVANTAGES OF THE UNION

New Brunswick's Position:

Hon. Mr. McNairn: "Might I, in the first instance, give to the Commission the view which the Duncan Commission had on certain phases of that question? In its report, the following passage is found in regard to that suggestion:

'We feel that we should express the view that so far as a saving in the overhead expenses is concerned, we are not seriously impressed with the argument of any financial saving which would arise could materially affect the present condition of





C O N F E D E R A T I O N (Concluded)

MARITIME UNION (Concluded)

POSSIBILITY AND ADVANTAGES OF THE UNION (Concluded)

"their finances, even if Maritime union would produce the other advantages which it is alleged would result.'  
"Now, we will admit that the suggestion is interesting from an academic point of view, but in our opinion is a matter which affords no solution of our problem. In our view there is no real desire in New Brunswick for such a union, nor does the suggestion hold any merit from the point of view of economy or efficiency."

Report of Hearings

Fredericton, N. B., May 23, 1938

pp. 9056-57

SUITABILITY

Quebec's Approval:

"A ses yeux la Confédération est un pacte volontairement consenti et qui ne peut être modifié que du consentement de tous. Elle entend en respecter toutes les clauses; elle s'attend à ce que les autres fassent de même."

".....La province de Québec croit que ce système est encore celui qui répond le mieux aux besoins d'un vaste pays peuplé de races diverses.

"En définitive la province de Québec est disposée à collaborer à toute mesure d'intérêt général non incompatible avec les droits provinciaux; à fournir son assistance pour la mise en vigueur de toute réforme qui pourrait être juste et raisonnable, dans le cadre de la constitution, et à coopérer généralement avec les autorités fédérales et les autres autorités provinciales pour le bien être de tous, dans le respect des droits de chacun."

English Translation:

"In her eyes Confederation is a pact voluntarily agreed to that can't be modified except by the consent of all. She believes in observing all its clauses; and she expects that the others will do the same.

"The province of Quebec believes that this system is still the one which best suits the needs of a vast country populated by diverse races. In fact the province of Quebec is ready to collaborate in any measure of general interest which is not prejudicial to provincial rights. She is prepared to furnish assistance in putting into force any reform that might be fair and reasonable, within the framework of the constitution, and in co-operating generally with the Dominion authorities and the rest of the provincial authorities for the well-being of all but with respect to the rights of each one."

Report of Hearings

Quebec, P.Q., May 12, 1938

p. 8137-38

C O N F E R E N C E S

ANNUAL CONFERENCES

AMENDMENT TO B. N. A. ACT

Nova Scotia's Submission:

Proposals to amend the B. N. A. Act:

"7. That provision ought to be made, by way of amendment to the B. N. A. Act or otherwise, for annual conferences to be held at a fixed time between representatives of the Provinces and representatives of the Dominion."

Nova Scotia Brief

p. 15

Nova Scotia, Hon. Mr. Macquarrie, for:

The Nova Scotia suggestion that annual conferences should be held between representatives of the Provinces and of the Dominion need not necessarily be incorporated as an amendment of the B. N. A. Act if for some reason such an annual conference should become practice without any constitutional provision having been made.

Nova Scotia would like the Rowell Commission to recommend the inauguration of a system of annual conferences as suggested.

Report of Hearings

Halifax, N. S., February 3, 1938

pp. 3925-26



C O N F E R E N C E (Cont'd)

DOMINION-PROVINCIAL CONFERENCES

ADVANTAGES OF CONFERENCES

New Brunswick's Recommendation:

"It will be admitted by all who attended the Dunning Conference that it was the ideal method of arranging matters affecting the interests of all the parties not only in detail but in principle. There has been too little regard for the benefits to be derived from conferences of that kind. The adoption of the plan which we suggest would have the effect of drawing closer together the men in authority in the provinces and in the Dominion. If the Dominion and the provinces are contributing to a plan of assistance to the provinces it must necessarily draw them together for an exchange of views and the consideration of mutual interests. That is what the Dunning Conference did for old age pensions. There is no reason why it could not be done in reference to all other matters which may arise. Any plan which will bring the different interests together around the table is the solution of many difficulties "

New Brunswick Brief

p. 7

DOMINION-PROVINCIAL CONFERENCES

BRITISH COLUMBIA'S ATTITUDE

British Columbia, Hon. Mr. Pattullo, for:

Suggests that the proposal advanced by Nova Scotia for a yearly conference between Dominion and Provincial authorities, is not advisable as an annual conference would be too often. It would be better that such a conference be called as circumstances and conditions indicate. However, this is not a fixed or an unalterable view and if other Provinces favour such an arrangement British Columbia would have no objection.

Report of Hearings

Victoria, B. C., March 23, 1938

pp. 5538-39

DOMINION-PROVINCIAL CONFERENCES

REASONS FOR GREATER FREQUENCY AND OCCURRENCE

Nova Scotia, Hon. Mr. Macdonald, for:

Feels that a great deal more could be done as between the Provinces in the way of annual conferences, meeting at Ottawa at a fixed time every year, to discuss informally administration difficulties, etc. States that greater uniformity of legislation could probably be brought about.

Report of Hearings

Halifax, N. S., February 4, 1938

pp. 4060-61

DOMINION-PROVINCIAL CONFERENCES

RECOMMENDATION FOR CONFERENCES

Ontario's and Commission's Endorsement:

Mr. Lang: "It occurred to me the way it is worked it seems to be a general application, the way it is used. And in conclusion:

'In this connection it is submitted that the necessity for a remedy, and, if one is needed, the nature of it, can be satisfactorily determined after all the facts are found, only by the time-honored British custom of conference and discussion by the parties concerned, namely; the Provinces and the Dominion.'"

The Chairman: "There will be no dispute on that proposition, Mr. Lang."

Mr. Lang: "I am very pleased I can close on that note, Sir:"

The Chairman: "This Commission is for the purpose of providing the material upon which such a discussion may profitably take place, and to make such recommendations as we hope may be helpful to such an end."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7962-63





C O N F E R E N C E S (Cont'd)

DOMINION-PROVINCIAL CONFERENCES (Concluded)

RECOMMENDATION OF COMMISSION

Chairman:

"The report, of course, must be followed by a conference such as you have suggested, or some method whereby the governments of the Dominion and the Provinces meet together and confer on these various problems with a view to their solution."

Report of Hearings

Toronto, Ont., May 2, 1938

p. 7452B

LABOUR CONFERENCE

ONTARIO'S WISH FOR LABOUR CONFERENCE

Hon. Mr. MacBride: "...but we are desirous of having a conference with the Deputy Ministers and the Minister and those who have to do every day with the practical working out of labour and industrial problems. I do not think we can make any real progress,--and I say this respectfully,--until we get the practical men now dealing with these problems to sit around a table to discuss them."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7881

RELATIONS, DOMINION-PROVINCIAL

IMPROVEMENT OF DOMINION-PROVINCIAL RELATIONS

Quebec's Recommendation:

"Par ailleurs le gouvernement de cette province, professant comme il le fait la doctrine que le pacte de 1867 ne peut pas être modifié sans le consentement de toutes les provinces, estime que c'est au cours d'une conférence à laquelle participeraient le gouvernement fédéral et les gouvernements provinciaux, et dans un esprit de conciliation et d'harmonie, que ces questions devraient être envisagées, discutées et solutionnées par les représentants du peuple."

English Translation:

"Moreover, the government of this province professing the irrefutable doctrine that the agreement of 1867 cannot be modified without the consent of all the provinces, is of the opinion that these questions ought to be brought forward, discussed and settled by the people's representatives at a conference in which the Dominion and provincial governments should participate in a spirit of harmony and conciliation."

Report of Hearings

Quebec, P.Q., May 12, 1938

p. 8137

Quebec's Position:

"La prospérité du pays ne dépend pas d'une contralisation plus prononcée des pouvoirs législatifs. Au contraire, plus le législateur sera en contact étroit avec les localités pour lesquelles il s'agit de légiférer, plus la législation aura chance d'être vraiment fructueuse. C'est par une collaboration sincère et franche entre le gouvernement central, et les gouvernements provinciaux que les meilleurs résultats peuvent être obtenus. Et le gouvernement de cette province est toujours prêt à collaborer et à coopérer à tout amélioration juste et raisonnable."

English Translation:

"The prosperity of the country is not increased by a greater concentration of legislative power. On the contrary, the more a law-maker is in close contact with the localities which he represents, the more will legislation have a chance of being really beneficial. The best results can be obtained by sincere and open collaboration between the central and provincial governments. The government of this province is always ready to collaborate, to co-operate in any fair and reasonable plan for betterment."

Report of Hearings

Quebec, P. Q., May 12, 1938

p. 8135





C O R P O R A T I O N S

8 0

REGULATION, PROVINCIAL

Saskatchewan's Submission:

Suggestion that Provinces be given entire power to deal effectively with companies incorporated by the Dominion of Canada.

Saskatchewan Brief

p. 333

C. P. R.

CONSTRUCTION, REASONS FOR

British Columbia, Hon. Mr. Farris, for:

The construction of the C. P. R. was an absolute necessity for Canada and it was for that reason this road was constructed, and not because of any paltry bargain with British Columbia.

Report of Hearings

Victoria, B. C., March 16, 1938

p. 4934

British Columbia, Hon. Mr. Farris, for:

The suggestion that the railroad was built as a reward to British Columbia for entering Confederation is quite fallacious. The construction of this road was essentially, in fact, an imperial question.

Report of Hearings

Victoria, B. C., March 17, 1938

pp. 4970-72

CONTRIBUTIONS OF SASKATCHEWAN AND ALBERTA, EXCESSIVENESS OF

Saskatchewan's Submission:

The Charter exemption in favour of the railway, prohibiting the Provinces of Saskatchewan and Alberta from taxing the C. P. R. has resulted indirectly in these provinces being compelled to contribute more than their proper share towards an undertaking national in character and interest.

Saskatchewan Brief

p. 115

D E B T , D O M I N I O N , P R O V I N C I A L & M U N I C I P A L

P U B L I C

REVIEW OF DOMINION, PROVINCIAL AND MUNICIPAL DEBT

British Columbia, Hon. Mr. Pattullo, for:

The whole question of the debt structure of the Provinces and the Dominion, and the Dominion in relation to the Provinces as well as the municipalities, should come under review again. At a previous conference a refunding proposal was made but the plan, evolved by the Dominion Government was not consented to by this Province because of considerations that arose and tied our hands.

Report of Hearings

Victoria, B. C., March 16, 1938

p. 4843

D E B T , M U N I C I P A L P U B L I C

REFUNDING OF MUNICIPAL PUBLIC DEBT

British Columbia, Hon. Mr. Pattullo, for:

Agrees that a general refunding scheme for the Province and Municipality would be advisable but contends that within the measure of the Province's own jurisdiction there should be complete autonomy and that hence no control by an outside authority would be desirable.

Report of Hearings

Victoria, B. C., March 23, 1938

p. 5537

D E B T , P R O V I N C I A L P U B L I C

CONSOLIDATION, DOMINION AID NECESSARY FOR

Saskatchewan, Hon. Mr. Davis, for:

Admits that it would be essential, if Saskatchewan is to consolidate her public debt, that the Dominion render assistance through guarantees or otherwise.

Report of Hearings

Regina, Sask., December 16, 1937

p. 2111



DEBT, PROVINCIAL PUBLIC (Cont'd)

CONVERSION, NECESSITY FOR

Manitoba, Hon. Mr. Garson, for:

Any program looking towards the re-habilitation of Manitoba's finances must include the conversion of her public debt at substantially low interest rates.

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 397

DEFAULT, POSSIBILITY OF MANITOBA'S

Manitoba, Hon. Mr. Bracken, for:

"If this joint plan" (i.e., Manitoba's recommendations as given in Part 8, p. 53 of Manitoba's Case) "or some alternative that will give equivalent results to Manitoba should not be forthcoming I would not be frank if I did not say that we see no alternative but suspension in payment in part of the interest on our capital debt, which in plain language means eventual default."

Report of Hearings

Winnipeg, Man., December 3, 1937

p. 696

RECONSTITUTION OF PROVINCIAL PUBLIC DEBT, MANITOBA'S PLAN FOR

Manitoba's Case:

In regard to the two problems of Public Debt and Social Services, Manitoba submits two major proposals:

- "1. The reconstruction of the provincial debt at lower interest rates; and
2. Reallocation of responsibilities between the Dominion and provincial Governments."

Manitoba Brief, Part 8

p. 53

Manitoba's Proposal

Proposal for Reconstitution of the Provincial Debt and Interest Burden

Manitoba's Provincial Debt has grown to such a size that a large percentage of the annual revenue is required to service it. Inflation is not within Manitoba's power, repudiation is considered unjust and dishonourable, and mutual adjustment has not been found practicable. During the past few years Manitoba has practiced drastic economy measures and levied severe taxation. Notwithstanding this, the Province has gone further into debt by some four million dollars a year, and this situation must be faced.

In the hope of accomplishing rational adjustment, Manitoba proposes a plan calling for the co-operation of the Dominion Government, the bond holders and the Provincial Government.

Manitoba proposes the cancellation of all relief debts now owed by the Province to the Dominion (about 19 million dollars) and the cancellation of all relief debts owed by the Municipalities, (about 4 million dollars) to the Provincial Government.

It is proposed that the Dominion Government should assume all relief debts now owing by the Municipalities other than to the Manitoba Government (about 7 million dollars).

Manitoba recommends the assumption of part of the Provincial debt by the Dominion in return for attention to the subsidies upon the express condition that the holders of Manitoba's bonds at the same time co-operating in the refunding of the balance of Manitoba's direct and indirect public debt at average rates of  $3\frac{1}{2}$  per cent and  $3\frac{1}{8}$  per cent per annum respectively..

Manitoba Brief, Part 8

pp. 53 & 55

Manitoba's Case

"If essential parts of this joint plan" (the debt reconstitution plan and that for reallocation of services (See under Social Services)) "should not be found acceptable, the Province cannot undertake beforehand to agree to other parts."

Manitoba Brief, Part 8

p. 58





DEBT, PROVINCIAL PUBLIC (Cont'd)

RECONSTITUTION OF PROVINCIAL PUBLIC DEBT, MANITOBA'S PLAN FOR (Cont'd)

Ontario, Hon. Mitchell F. Hepburn, for:

"We make no pretension to such a power" (implied in Manitoba's plan for reconstitution of the Provincial public debt and reallocation of services.) "For us, the Cabinet is now, as it was in its inception--a committee of the representatives of the constituencies. In Ontario, the people are the sovereign power."

Ontario Brief, Book 1

p. 4

RECONSTITUTION OF PROVINCIAL PUBLIC DEBT, PRINCE EDWARD ISLAND'S PLAN FOR

Prince Edward Island's Plan:

The Dominion Government can obtain long term loans at rates greatly below those paid on many Provincial bonds. It seems extremely desirable that all the Provinces be placed once again on a sound financial basis. If the Dominion Government could assume all Provincial indebtedness without any increase in the total amount of taxes paid, the confidence of the lending public would be restored, in certain cases at least. Internally those Provinces which shifted a disproportionate burden of the indebtedness onto the Dominion would have to yield up assistance and revenue commensurate with this excess burden.

In the event of such steps being taken we favour the establishment of some type of Loan Council. Either the Province or Provinces could become voluntarily associated with the Dominion in setting up a Council to advise in respect to Provincial borrowings or else a Federal Loan Council could be established, patterned on the Australian model with certain necessary changes.

This Province favours any such plan which will promote the national well-being and which will not interfere unduly with Provincial autonomy.

Whether or not these subsidies are capitalized and/or the Dominion assumes Provincial debts, Prince Edward Island urges the establishment of some form of Federal Council which in future would control or advise upon all important questions of Dominion subsidies, loans and other subventions to the Provinces. Such a Council should comprise representatives of each of the Provinces as well as of the Dominion.

Prince Edward Island Brief

pp. 5 & 6

REFUNDING CONDITIONS

Chairman:

Assuming you could get the bondholders to accept a refunding plan whereby part of the Provincial debt was taken over by the Dominion and the balance covered by a reissue, would it not be necessary, if the new reissue were to bear a lower rate of interest, that the Province make some assurance that the financial position of the Province would not again seriously deteriorate in the future?

Report of Hearings

Victoria, B. C., March 16, 1938

pp. 4844-45

REFUNDING ECONOMIES

Prince Edward Island, Mr. James E. Wells, for:

The refunding of Provincial debts would in the long run mean a substantial saving to the taxpayer. In the event of such a step being taken the Government of Prince Edward Island is favourable to setting up some sort of loan council.

Report of Hearings

Charlottetown, P. E. I., February 10, 1938

p. 4401

REFUNDING PLAN OPTIONAL FOR OTHER PROVINCES

Manitoba, Hon. Mr. Bracken, for:

Feels that Manitoba's plan for capitalization of the subsidy and consequent refunding, suggested for her own case, might be optional as regards the other Provinces.

Report of Hearings

Winnipeg, Man., December 3, 1938

p. 699

REFUNDING PLAN, RESULTS OF

Manitoba, Hon. Mr. Bracken, for:

"If something like the joint proposals we have advanced here is approved, we are looking forward to the time when we will get along without borrowing."



DEBT, PROVINCIAL PUBLIC (Cont'd)

REFUNDING PLAN, RESULTS OF (Concluded)

Feels, therefore, that the Chairman's question as to whether or not there would have to be an understanding as to future borrowings, if much of the Provincial debt were to be converted, would not arise.

Report of Hearings

Winnipeg, Man., December 3, 1937

p. 701

REFUNDING, PROVINCIAL

Saskatchewan, Hon. Mr. Davis, for:

If there is to be a refunding of the debt of the Province, it should be done in such a way that it is not compulsory. Some means should be provided by some refinancing corporation to provide the funds which would enable the Province to give the bondholders an alternative of either accepting a new Provincial debenture at a lower rate of interest, or their principal.

It might not be necessary to refund the entire bond issue at once. If that could not be done the bond issues bearing the heavier rates of interest would be retired first.

Report of Hearings

Regina, Sask., December 10, 1937

pp. 1343-45

REVIEW

British Columbia's Recommendation:

7. "It is further suggested that the debt structure of the various Provinces should be reviewed so that conclusions may be reached which, while beneficial to all governments, will not tend to weaken credit positions or the confidence of investors."

British Columbia Brief

p. 352

SINKING FUND PROVISIONS, INADEQUACY OF

Nova Scotia, Hon. Mr. Macdonald, for:

The gross debenture debt at the end of the last fiscal year was \$95,219,246, and the amount paid into the sinking fund was \$379,171, which is less than  $\frac{1}{5}$  of  $1\frac{1}{2}$  of the debt and is entirely inadequate for its retirement.

Report of Hearings

Halifax, N. S., February 4, 1938

p. 4081

UNEMPLOYMENT RELIEF DEBTS, SINKING FUND FOR

Saskatchewan, Hon. Mr. Davis, for:

The Province is economically and fiscally unable to finance the relief borrowings of \$42,000,000, and hence no provision has been made for establishing a reserve to provide for the same.

Report of Hearings

Regina, Sask., December 16, 1937

p. 2106

WESTERN DEBTS ON DOMINION CREDIT, EFFECT OF

Prince Edward Island, Mr. James E. Wells, for:

"Our feeling is, I think it is a feeling that is general among the people in this section of this country,--that the West has exceeded by all reasonable bounds in the amount that they owe, and we feel that it has affected the credit of all the Provinces, and of the Dominion generally."

Report of Hearings

Charlottetown, P. E. I., February 10, 1938

p. 4401

DEFENCE, NATIONAL

PACIFIC COAST, INVASION OF

SUGGESTION FOR SAFETY AND WELL-BEING OF BRITISH COLUMBIANS

Saskatchewan, Hon. Mr. Davis, for:

Suggests that in the event of an invasion of the Pacific Coast, the people of British Columbia "could hide or protect themselves some way in the mountains."

Report of Hearings

Regina, Sask., December 14, 1937

p. 1756





## DISABILITIES (Concluded)

### DOMINION POLICIES, DUE TO

#### Manitoba's Case:

The disabilities arising from unfavourable Dominion policies are 3:

1. From the Dominion Land Settlement Policy.
2. From the Dominion Tariff Policy.
3. From the Dominion Monetary Policy.

Manitoba Brief, Part 8

p. 15

### EXTRANEUS FACTORS, DUE TO

#### Manitoba's Case:

The disabilities arising from certain extraneous factors are three:

- "1. The inequity of certain rigidities in the price structure.
2. The fall in income and decrease in employment following the construction era of development.
3. The failure of the Dominion Government to take adequate steps to deal with the problems resulting from a drastic decline in agricultural income in recent years."

Manitoba Brief, Part 8

p. 24

### INHERENT FACTORS, DUE TO

#### Manitoba's Case:

Disabilities arising from certain inherent conditions are four:

- "1. Climatic Limitations.
2. Wide valuation in agricultural production.
3. Debentures upon fallen markets.
4. "Wide variability of income."

Manitoba Brief, Part 8

p. 30

## NATURE OF DISABILITIES

#### Manitoba's Case:

Manitoba is at present suffering under disabilities that fall naturally into four groups.

1. The Confederation set-up and judicial interpretation of it.
2. Unfavourable Federal policies.
3. The incidence of certain extraneous factors.
4. Certain inherent conditions.

Manitoba Brief, Part 8

p. 8

## PRAIRIES, MEASUREMENT OF EFFECT OF CERTAIN NATIONAL POLICIES ON

### COMPARISON WITH AUSTRALIAN METHOD

#### Manitoba, Professor Uggren, for:

The Australian commission on grants acknowledged and measured the incidence of the national exchange policy and from the national tariff policy, arriving in this way at a net loss or benefit. In Canada the disability of the Prairie Provinces should be the sum of the disabilities due the Dominion Exchange policy and of the Dominion monetary policy.

#### Report of Hearings

Winnipeg, Man., November 29, 1937

pp. 85 & 86

## DOUKHOBORS

### RESPONSIBILITY, DOMINION-PROVINCIAL

#### British Columbia's Recommendation:

- "21. While it is felt that the Dominion should assume full responsibility for the Doukhobor problem, our Province suggests co-operation upon a basis of joint responsibility."

British Columbia Brief

p. 353





## ECONOMIES

### IMPOSSIBILITY OF FURTHER ECONOMIES

Manitoba, Hon. Mr. Garson, for:

"Substantial additional savings in the ordinary expenditures of the Government of Manitoba are not practicable."

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 397

### PROVINCIAL ECONOMY, REASON FOR WEAKNESS OF

Saskatchewan, Hon. Mr. Davis, for:

Submits that the problem of drought, while a serious one, is only part of the fundamental weakness of the Provincial economy.

"It is contended, therefore, that the claims of this Province cannot be dismissed in the belief that prosperity will return when the production of wheat on a larger scale is resumed."

Report of Hearings

Regina, Sask., December 9, 1937

p. 1245

### UNION OF PRAIRIE PROVINCES:

Manitoba, Hon. Mr. Bracken, for:

As regards the union of the three Prairie Provinces

"....my personal opinion is, that the proposal, if adopted, would in the long run be a very great advantage to Western Canada and to Canada as a whole. That, however, is but an opinion. In any case we are definitely of the view that the proposal is well worthy of careful examination by a competent body..." Originally felt that substantial economies could be affected but "....it is now apparent from our analysis that the bulk of our Provincial expenditures would remain relatively unaffected by such a change." Makes favourable reference to article by Mr. Justice W.F.A. Turgeon in Maclean's Magazine.

Report of Hearings

Winnipeg, Man., December 8, 1937

pp. 1140-52

## EDUCATION

### CO-OPERATION, DOMINION-PROVINCIAL

British Columbia's Recommendation:

"11. The Dominion and the Provinces should co-operate more fully in matters of education. In vocational Training, primary financial responsibility should rest with the Dominion. The Dominion might also develop a Bureau of Education to render generalized services in research, statistics, educational surveys, and so forth, to establish a more uniform system throughout Canada to be applied or otherwise as each Province may determine."

British Columbia Brief

p. 352

### ENROLLMENT, DECLINE IN SCHOOL

Prince Edward Island, Mr. Campbell, for:

The number of children attending schools in 1936 was 18,183. In 1889 the enrollment of school children in Prince Edward Island was 23,045.

Report of Hearings

Charlottetown, P.E.I., February 10, 1938

p. 4437

## HEALTH EDUCATION

### ADVISABILITY OF DOMINION JURISDICTION

New Brunswick's Position:

Dr. Warwick: "In regard to health education we feel that for the smaller provinces leadership and furnishing of all types of educational materials, literature and radio, motion picture films, and newspaper publicity, should be provided from the central organization. We have not the personnel, each province has not, to produce proper material along educational lines, and it would be much better to have a standard, more or less standard material supplied, and it could be done more economically."

Report of Hearings

Fredericton, N. B., May 19, 1938

pp. 8674-75



## EDUCATION (Concluded)

### HEALTH EDUCATION

#### DUPLICATION OF SERVICES

##### New Brunswick's Position:

Dr. Warwick: "In regard to health education the two departments with national voluntary organizations are co-operating but without overlapping. As to whether the total work could be done by one or other department we feel that generally speaking the present system is both economical and efficient."

##### Report of Hearings

Fredericton, N. B., May 19, 1938

p. 8674

### JURISDICTION, DOMINION-PROVINCIAL

##### Chairman:

"I think there would be the strongest objection on the part of the Provinces to the Dominion attempting to interfere in any way in matters of education or the making of educational grants, save on the one question of technical education."

##### Report of Hearings

Regina, Sask., December 14, 1937

p. 1884

### JURISDICTION, DOMINION OR PROVINCIAL

##### Saskatchewan, Hon. Mr. Davis, for:

Education must remain a Provincial responsibility except by the unanimous consent of all Provinces.

##### Report of Hearings

Regina, Sask., December 17, 1937

p. 2286

### STANDARDS

#### DOMINION RESPONSIBILITY

##### Prince Edward Island, Mr. Campbell, for:

The Government of Prince Edward Island takes the attitude that education is a matter of national concern: the student who happens to be born in Prince Edward Island should enjoy the same facilities as if he were born in Ontario. However, although education should be a national concern, the type of education might vary with different Provinces, but it should be the responsibility of the Federal Government to see that the same standard is maintained throughout the nation. Thus should any Province by reason of fiscal need be unable to maintain the normal Canadian standard, then it should become the Dominion responsibility to make up the difference so far as this aid would not interfere with Provincial control.

##### Report of Hearings

Charlottetown, P.E.I., February 10, 1938

pp. 4433-34

### UNIVERSITIES, PRAIRIE

#### DUPLICATION OF SERVICES

##### Saskatchewan, Mr. Thomson, for:

Explains that in practice the three Western Universities co-operate so as to avoid excessive duplication of services.

##### Report of Hearings

Regina, Sask., December 15, 1937

pp. 1932-39

### VOCATIONAL TRAINING

#### REASONS WHY A NATIONAL PROBLEM

##### Saskatchewan, Mr. Little for:

If the Dominion Government is going to recognize unemployment as a national problem, then vocational education must also receive its attention, as in our brief there is the direct relation between the lack of adequate and efficient vocational training and the problem of unemployment.

##### Report of Hearings

Regina, Sask., December 14, 1937

p. 1882





EMPLOYMENT SERVICES

ADVISABILITY OF DOMINION ADMINISTRATION

Dominion, Mr. Dickson, Deputy Minister of Labour, for:

Mr. Stewart: "And interchange of information between the various provinces?"

Mr. Dickson: "Yes."

Mr. Stewart: "Is that work that could be done by the provinces without the intervention of the Dominion? Could it be satisfactorily done by the provinces without the intervention of the Dominion as a co-ordinating factor in it?"

Mr. Dickson: "You have an adjective there that makes it hard to answer, you have put in the word 'satisfactorily.'"

Mr. Stewart: "Yes?"

Mr. Dickson: "In that connection I think I might answer it by using the words of the National Employment Commission."

Chairman: "Is this the interim report?"

Mr. Dickson: "Yes, their interim report, sir. The final report is not yet out. This is a memorandum which I have from Mr. Rigg, the superintendent of the service:

"These results, it is submitted, can be much more effectively achieved by the centralization of authority and responsibility. ...

"Early in the Commission's investigations it became evident that the first and most vital step necessary to the successful handling of employment, re-employment and aid administration problems is the development of more efficient Employment Services throughout Canada. The present Provincial Employment Services are in practice unfitted to meet the exigencies of the situation. Divided responsibilities and diversity of aims between different Provinces; unequal development as regards numbers, types and functions of local offices; unsuitable locations of premises; defects in Provincial boundaries when used as economic administrative units, etc., have all tended to result in the Provincial Employment Services not being utilized fully either by employer or by employee.

"The provision of a proper link between employer and employee; of local advisory councils supplementary to local Employment Service offices in order to provide focal points for attacks on local problems; of means for gauging the relative degree of employability of those in receipt of Aid, are of pre-eminent importance if any real progress is to be achieved in handling unemployment problems. Indeed this is the experience of other countries also.

"Bearing in mind the desirability of uniformity of practice where financial Aid for the Dominion is in question; of freedom from local pressure in administration; of a Dominion source of local information independent of Province or Municipality in respect to unemployment assistance, etc., the Commission recommended in August, 1936, that the Employment Service be administered nationally. In any case the situation requires increased and improved service which will cost more, but it is recognized that national administration in itself would not add anything to the total cost to the country as a whole. The Commission, however, believes the extra cost to the Dominion Government of the transfer from the Provinces would be more than offset by efficiencies, and, therefore, economies which would result."

Mr. Stewart: "Then you have in effect answered not only the question I have just asked but the one I was going to ask, in the alternative?"

Mr. Dickson: "Yes."

Mr. Stewart: "May I ask whether that quotation you have just read coincides with your view as to the work of a national, as distinct from a provincial organization to carry out the employment services?"

Mr. Dickson: "Yes, it does. In a provincially controlled system there is apt to be, in times of financial stress, a curtailment of service in one province far and beyond that which might occur or would probably occur if it were under federal jurisdiction."

Report of Hearings  
Ottawa, Ont., Feb. 15, 1938

pp. 4670-72



## EXPENDITURE

### CONTROLLABILITY

Saskatchewan, Hon. Mr. Davis, for:

An attempt is made to segregate the Provincial expenditures of Saskatchewan into uncontrollable and controllable expenditures. Of the Provincial expenditure, 85% is alleged to be uncontrollable, thus indicating that Saskatchewan is not able to better its financial position by reducing expenditures and effecting economies. (Segregation does not seem to be sound.)

Report of Hearings

Regina, Sask., December 9, 1937

pp. 1322-24

### DOMINION EXPENDITURES

#### INCIDENCE OF DOMINION EXPENDITURES

Ontario's Contention:

In allocating Dominion expenditures Ontario points out that: "The deficit of the C. N. R. has been allocated according to the tonnage of freight traffic originating in each area. A much larger part than this method provides might properly be charged to the Prairie Provinces, since in comparison with freight rate structures in the United States, for example, freight rates on wheat are abnormally low. All other expenditures have been allocated in proportion to the sum total of the preceding allocations."

Ontario Brief, Book 2

p. 19

### FRUGALITY OF EXPENDITURE

#### REQUEST FOR INVESTIGATION OF FINDINGS OF WHITE AND DUNCAN COMMISSIONS

Prince Edward Island, Hon. Mr. Campbell, for:

We should be very glad for this Commission to study the bases of the findings of the White and Duncan Commissions. The same condition has not only continued since then but has become accentuated.

Report of Hearings

Charlottetown, P. E. I., February 11, 1938

p. 4486

### INCREASE, REASONS FOR

Chairman:

"Governmental expenditures are increased by overlapping and duplication of services as between the Dominion and Provincial Governments in certain fields of activity."

Report of Hearings

Winnipeg, Man., November 29, 1937

p. 3

### OBLIGATIONS, ABILITY TO MEET

Saskatchewan, Hon. Mr. Davis, for:

"The Government is definitely of the opinion that it cannot meet its existing obligations unless its fiscal position is greatly improved."

Report of Hearings

Regina, Sask., December 17, 1937

p. 2283

## FARMERS CREDITORS' ARRANGEMENT ACT

### PUBLICIZATION URGED, WIDER

Manitoba, Hon. Mr. Bracken, for:

Feels that the provisions of the Farmers Creditors' Arrangement Act might be more widely advertised as people do not resort to it because of ignorance of its terms.

In regard to debt the Government of Manitoba, prevented by the B.N.A. Act from jurisdiction over bankruptcy, has only been able to suspend rather than cancel the creditors' rights to proceed against debtors. No such compulsory reductions were possible until the Dominion passed the Farmers Creditors' Arrangement Act. "We urge, therefore, that until a position of greater balance has been restored to all Manitoba farmers, that the Farmers Creditors' Arrangements Act should be continued...."

Report of Hearings

Winnipeg, Man., December 3, 1937

pp. 667 & 669





FINANCE, DOMINION

BURDEN OF DOMINION FINANCE

CLAIMS OF OTHER PROVINCES

"The Province of Ontario does not suggest that in a Federal country there should be no such transfers. Ontario, on the contrary, believes that in a Federal state, a considerable amount of such transfers are both inevitable and just; and Ontario has never shirked its fair share of responsibility in carrying the burdens of Confederation. But the above figures show that the suggestions put forward by certain other provinces and in other briefs, that Ontario does not pay its fair share of taxation, are both inaccurate and ungenerous. The Government of Ontario believes that the people of Ontario have carried their share, and more than their share of the financial burden of Confederation."

Ontario Brief, Book 2

p. 22

BURDEN OF DOMINION FINANCE

ONTARIO'S SHARE

Chairman:

"Prof. Taylor, I do not remember any statement in any brief that Ontario is not carrying its fair share of federal taxation.

"I read all the particulars of the Government briefs, and I do not recall any such suggestion. What they do suggest is the point I have mentioned to you before; that by reason of the concentration of wealth due to business carried on all over Canada, revenues collected from citizens in Ontario represented not only wealth produced in Ontario but wealth produced in other parts of Canada.....they" (certain of the other Provinces) "did suggest that the Central Provinces were benefitting at their expense by reason of the Dominion Government's economic financial policy."

Report of Hearings

Toronto, Ont., May 3, 1938

pp. 7506-07

Professor Taylor:

In reply to the Chairman's statement that he could not recall any Province suggesting that Ontario does not carry its share of Dominion taxation, says: "It is just by implication, that we should carry more than we are now carrying. I am not sure that I can put my finger on a series of quotations.

.....  
"I would suggest, Sir, when suggestions are made that the Dominion Government should take over expenditures and spending functions--perhaps it is my own guilty conscience, but I have certainly had the impression the general idea is they should be financed by still more taxation, distributed even more heavily concentrated on the Central Provinces."

Report of Hearings

Toronto, Ont., May 3, 1938

pp. 7506-07

EFFECT ON ONTARIO

LOSS TO ONTARIO

Ontario's Claim:

"The net result of Dominion Government finance has been to transfer \$75,000,000 or \$80,000,000 from the province of Ontario for the benefit of the Maritime Provinces and the Prairie Provinces. This transfer represents about \$21 per caput in Ontario."

Ontario Brief, Book 2

p. 21

EXPENDITURES

TRANSFER OF REVENUE COLLECTED IN ONTARIO TO MARITIMES  
AND PRAIRIES

Chairman:

"What you really mean is that the people of the Province of Ontario contributed that much more in taxation, relatively, than those in other Provinces. Commissioner Dafoe has pointed out the basis of taxation on income is the wealth of the individual wherever he may reside. If he happens to reside in Ontario then more is derived there; if he happens to reside in British Columbia then more is derived there. It is not a transfer from Province to Province, it is a transfer from individual to individual, in that sense."

Report of Hearings

Toronto, Ont., May 3, 1938

pp. 7506-04





## FINANCE, MUNICIPAL

### ADMINISTRATION

#### MUNICIPAL BOARD

##### Ontario's Opinion:

Hon. Mr. Cross: "... That, I think, is also a preventative measure in the future, that by the municipal Board controlling capital expenditures, and the department being interested in the current phase of administration, if difficulties are ahead of a municipality, that steps can be taken to correct any difficulties that lie ahead and avert an occurrence of the very alarming picture that we had in 1934."

##### Report of Hearings

Toronto, Ont., May 4, 1938

p. 7726

### BANKRUPTCY, PROVINCIAL JURISDICTION OVER

##### Manitoba, Hon. Mr. Major, for:

Does not think that the Provincial Governments have the power to enable a Municipality to become bankrupt, although there is little doubt but that a Provincial Government has the power in the case of a Municipality that is insolvent to provide that its affairs should be administered by an administrator.

##### Report of Hearings

Winnipeg, Man., December 1, 1937

pp. 268-270

### DEBT

#### RIGHT OF GOVERNMENT TO REDUCE INTEREST RATE ON BONDS OF DEFAULTING MUNICIPALITIES

The Chairman: "The only point would be whether there is anything in the contention which has been made,--I think it has been made in British Columbia in an action, and I think it has been raised in this action in relation to the city of Windsor, as to whether the Government has the right to reduce the interest rate in these matters."

Hon. Mr. Cross: "That, of course, is a matter that is now before the court, to some extent. We have a very definite view that as far as the province is concerned it is a matter involving municipal institutions solely. We create these municipalities, we give them all their powers, to issue debentures, and it follows that any power to deal with their debt is incidental to the larger power. But that is, as I say, a matter which is now before the court."

The Chairman: "Should it turn out in the final result by the judgment of the highest court that the province has not the full power to deal with the matter, do you think the province should be given the full power to deal with the matter so far as it relates to municipal institutions?"

Hon. Mr. Cross: "I think so, most decidedly, Mr. Chairman, because while our view in law is that these powers are incidental, as a matter of administration they most certainly should be because of the wide powers that are given to the municipalities by the province with respect to their administration."

The Chairman: "The province seems to be the natural body to deal with that matter, and if either by reason of the legislation relating to bankruptcy and insolvency--that is, federal jurisdiction relating to bankruptcy and insolvency--or federal jurisdiction in relation to interest, the province is unable to work out these compromises and make them binding on the minority---"

Hon. Mr. Cross: "I think that is most desirable, Mr. Chairman; if by any chance the court should hold that some of the powers exercised in the Windsor plan were beyond the powers of the provincial legislation, the immediate step, I fancy, would be to have that plan confirmed by the federal parliament, because 90 per cent of the creditors have agreed to the settlement."

The Chairman: "If there is really doubt about it--I do not suggest there is, because I have not given it any consideration, I simply know the fact that question is before the courts, in this province and in British Columbia--but if it should turn out that there is really doubt or possibly some disability to work out a comprehensive plan for the rearrangement of the municipal finances so as to bind an unwilling minority, then legislative jurisdiction, one would think, perhaps, should be cleared up."



FINANCE, MUNICIPAL (Cont'd)

DEBT (Concluded)

RIGHT OF GOVERNMENT TO REDUCE INTEREST RATE ON BONDS OF  
DEFAULTING MUNICIPALITIES (Concluded)

Hon. Mr. Cross: "I would think that is correct, Mr. Chairman. The point also has been raised, although I do not know that it has been put specifically in issue before the courts, in a settlement of this kind, that it may be that where shares are held outside the province the question of extra-provincial rights may occur, where these rights are situated outside the province, and being dealt with inside the province. But, as I say, I do not believe that has been placed specifically in issue although it has been raised from time to time to my knowledge by those who have been interested in the problem. It is perhaps of not great practical significance because the holdings except in the case of the city of Windsor are very small outside the province, and in most cases the creditors are quite satisfied to take any reasonable settlement that is provided."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7734-36

INDEBTEDNESS AND DEFAULT

MACHINERY TO TAKE CARE OF INDEBTEDNESS AND DEFAULT

The Chairman: "Mr. Cross, I assume that in your view--the view of the Government, you have at the present time adequate machinery to deal with municipalities that either are in default or are in danger of defaulting?"

Hon. Mr. Cross: "Yes, Mr. Chairman, we feel that is the case."

Report of Hearings

Toronto, Ont., May 5, 1938

p. 7734

INDEBTEDNESS OF MUNICIPALITIES

FINANCING OF INDEBTEDNESS OF MUNICIPALITIES

Ontario's Position:

Hon. Mr. Cross: "...There are some peculiar cases where sinking fund debentures perhaps are advisable and can be justified. But in the main the experience with sinking funds over a period of years indicates to me that the much safer way for municipalities is to issue and do their financing with the installment type of debentures."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7723

INDEBTEDNESS OF MUNICIPALITIES

METHOD OF GUARDING AGAINST INDEBTEDNESS

Ontario's Opinion:

The Chairman: "And would you mind telling us, because this question has been raised in other provinces, how to guard against municipal over-indebtedness? Upon what principle did you act in determining whether a municipality should be granted leave or not?"

Hon. Mr. Cross: "Well, Mr. Chairman, you had to consider each particular municipality with reference to its past history, with reference to the general industrial conditions in that particular area and where their tax arrears were mounting, let us say, above a certain period, then you very definitely said that capital expenditures would not be permitted until the municipality showed a better position with respect to its current finances. That in recent years has been the surest test I think of a municipality's position, because the ability to provide money for debentures and other services is almost immediately reflected in the tax arrears picture."

Report of Hearings

Toronto, Ont., May 4, 1938

pp. 7721-22

MUNICIPALITIES IN PROVINCIAL FINANCING, PROVISIONS FOR

British Columbia's Recommendation:

"19. The financial position of the Municipalities is of major importance and any conclusions reached respecting sources of Provincial revenue must take into consideration provision for enabling the Municipalities adequately to function within the measure of their jurisdiction."

British Columbia Brief

p. 353





FINANCE, MUNICIPAL (Concluded)

RELIEF BY PROVINCES, CONDITIONS GOVERNING

British Columbia, Hon. Mr. Pattullo, for:

The Government of British Columbia will be able to relieve the burden on real estate, and come to the aid of the Municipalities, as soon as there is an adjustment between the Dominion and the Provinces in the matter of income tax. Certain aids have already been given to the Municipalities. In regard to the exemption from municipal taxation of property held in right of the Crown each case should be decided on its own merits and no fixed rule can be applied.

Report of Hearings

Victoria, B. C., March 23, 1938

pp. 5554-56

RELIEF, PROVINCIAL

COLLECTION OF INCOME TAX

Ontario's Position:

Ontario could relieve the burden on the municipalities and indirectly on the building industry, if she had prior right to collect income tax. "So long as taxation on real estate remains at the present high levels, the building industry is likely to remain stagnant, because there is no encouragement to builders to undertake new projects when the earnings of the investment are likely to be absorbed by taxation. Recognizing this fact, the Province has determined to do whatever is possible within the limitation of its own budget requirements to improve the position of the municipal taxpayer. Having in mind, however, the provincial requirements it is difficult to see how further benefits can be passed on to the municipalities beyond those at present, unless an agreement is reached with the Dominion with respect to the prior right of the Province to collect income tax."

Ontario Brief, Book 2

p. 74

RELIEF, PROVINCIAL

NECESSITY OF PROVINCIAL CONTROL OF DIRECT TAXATION

Ontario says that if she had absolute jurisdiction over direct taxation, she would be able to relieve the burden of the municipalities. "The Province believes that all social services should be met out of direct taxation, and if this field had not been invaded by the Dominion the Province would be in a position still further to alleviate the present load which municipalities are required to carry. For example, the Province might assume a larger share of unemployment relief, and could further relieve the municipalities from the cost of social services and education."

Ontario Brief, Book 2

p. 74

SCHOOL BOARD POWERS

Manitoba, Hon. Mr. Major, for:

Does not consider that, on the whole, any major injustice results from allowing the school boards to make requisitions on Municipal Councils for school costs.

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 255

FINANCE, PROVINCIAL

BUDGET, BALANCING OF

CONDITION OF PEOPLE

Saskatchewan's Suomission:

A balanced budget for Saskatchewan will not necessarily mean a balanced economy and a proper standard of living for the people of the Province. The situation calls for the consideration of the economy of the entire nation.

Saskatchewan Brief

p. 319

COMPARISON WITH ONTARIO AND QUEBEC, IMPOSSIBILITY OF

British Columbia, Hon. Mr. Farris, for:

British Columbia cannot possibly be put in the same category as Ontario and Quebec. Since 1871 to date, almost without exception, we have been budgeting for deficits. This is the inevitable result of



FINANCE, PROVINCIAL (Cont'd)

COMPARISON WITH ONTARIO AND QUEBEC, IMPOSSIBILITY OF (Concluded)

the high cost of Government in this Province and of the surrender at Confederation of our excise and customs duties.  
Report of Hearings

Victoria, B. C., March 25, 1938

p. 5919

EXPENDITURES, ONTARIO'S

ECONOMIES

Ontario:

"The Province of Ontario expects a reduction in some lines of expenditure. It has already reduced considerably the per caput of general governmental overhead, and further modest economies can still be expected in this respect."

Ontario Brief, Book 2

p. 35

EXPENDITURES, ONTARIO'S

DIFFICULTIES OF FUTURE BUDGETING

"In other words, with provincial taxation already at a very high rate, with the prospect of declining revenues from succession duties, with increasing demands upon expenditure, demands that are often just and proper, the budgetary difficulties of the future are serious."

Ontario Brief, Book 2

p. 35

EXPENDITURES, ONTARIO'S

INCREASE IN EXPENDITURES

Ontario's Conviction:

Ontario is convinced that there will be greater expansion in social services together with greater expenditures. "It is on the expenditure side that more substantial changes must be anticipated. The Province of Ontario is proud of its record of developmental and social expenditures, but it is convinced that along a number of lines these must go much further. Their progress, however, cannot be lasting unless they keep within budgetary capacities."

Ontario Brief, Book 2

p. 34

INCOME, DECLINE OF PROVINCIAL

Chairman:

The declining income argument of Manitoba indirectly criticized by the Chairman for failure to take into account probably large subsistence income of Manitobans.

Report of Hearings

Winnipeg, Man., December 3, 1937

p. 662

RELIEF, NEED OF

Manitoba, Hon. Mr. Garson, for:

"It must be abundantly clear that these measures (i.e. drastic taxation and drastic economy) cannot be maintained much longer unless relief in some form now being sought is extended to this Province."

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 399

REVENUE

NECESSITY OF INCREASE

The increase in provincial expenditure is out of all proportion to the increase in Dominion expenditure since Confederation. Ontario implies that present revenues and sources of revenue are insufficient for provinces.

"It was expected and intended, and for a full generation it was a fact, that the Federal subsidies and the revenues of the Public Domain would provide a sufficient revenue for the Province. But thirty years ago or more changes in the conception of the functions of government profoundly altered the balance between spending function and sources of revenue. The duties assigned to the Province, which under the simple social theory of the 19th century had been





FINANCE, PROVINCIAL (Concluded)

REVENUE (Concluded)

NECESSITY OF INCREASE (Concluded)

"minor and inexpensive have assumed a large and rapidly increasing importance.

"Between 1870 and 1900 the per caput expenditures of both the Dominion and the Province doubled. But between 1900 and 1937 (notwithstanding the War, the railway problem, and the Dominion's assumption of part of the costs of relief) the per caput Dominion expenditure only a little more than quadrupled; while the per caput expenditures of Ontario increased more than thirteen-fold."

In connection with the above, Ontario postulates that: "the adequacy of sources of revenue can be considered only in relation to the spending functions of governments."

Ontario Brief, Book 2

p. 15

SASKATCHEWAN'S SOLVENCY

Chairman:

If the drought condition continues the whole of these areas (i.e. Prairie drought areas) would have to be dealt with in a much more drastic way than merely providing relief. However, it is inconceivable to me that if Saskatchewan gets back on a fair basis of production, with average prices, that it cannot pay its way as other Provinces do.

Report of Hearings

Regina, Sask., December 10, 1937

p. 1347

SERVICES, PUBLIC

PROVINCIAL JURISDICTION

Ontario's Position:

"The Province of Ontario is convinced that the development and administration of agricultural policies, roads, education, health, mothers' allowances, and other public welfare activities can be more efficiently trusted to the province than to the Dominion. In some instances, inter-provincial collaboration is very desirable, and at times the Dominion can provide useful leadership and on occasion financial assistance in such collaboration and integration of provincial schemes."

Ontario Brief, Book 2

p. 34

FISCAL NEED

EXTENT OF FISCAL NEED

Prince Edward Island, Hon. Mr. Campbell, for:

The fiscal need of Prince Edward Island is equal to, if not greater than, any other Province.

"I am afraid we get too much debit, as it were, for our apparent prosperity."

Prince Edward Island's low per capita debt indicates thrift and frugality rather than prosperity: this Province should not be penalized because it has chosen to live within its means.

Report of Hearings

Charlottetown, P.E.I., February 11, 1938

p. 4483-84

EXTENT OF FISCAL NEED, CALCULATION OF

Prince Edward Island, Hon. Mr. Campbell, for:

Allowing for the provision of public services of a minimum but reasonable standard, there would result a deficit of \$600,000.

"This Province has exercised every possible economy and has exploited....every possible source of revenue."

Thus, assuming public services, of a type reasonable and necessary for P.E.I., there would result a deficit of \$600,000. This is the measure of P.E.I.'s fiscal need.

Report of Hearings

Charlottetown, P.E.I., February 11, 1938

pp. 4503-05





## F I S H E R I E S

### ADMINISTRATION

#### ECONOMY AND DUPLICATION UNDER PRESENT DIVISION OF JURISDICTION

Dominion, Mr. Found, Deputy Minister of Fisheries, for:

Chairman: "In the light of all the circumstance, is there any method whereby the administration can be improved or made more economical than at the present time?"

Mr. Found: "I am not sure that would be possible at the present time with the development that has come along in the provinces. It seems to me that there is something to be said for an inland province administering its fisheries at present, keeping in view what it is doing, for instance, in game, with one set of officers to handle both of these.

I do think it was rather a tragic mistake that the intention of the British North America Act was not made a fact. I think things would have developed in a way that would have been better for the country--I wish to be careful there; it would be more satisfactory from the standpoint of administration as a whole. However, as things have gone on along such different lines for such a long time, I am not sure that at the present time any arrangement could be made that would be more economical than the present one. And there is no duplication. We have so arranged with the provinces that there is now in the fisheries no overlapping expense beyond what might be called clerical--whatever might be charged for clerical work in having the regulations enacted."

Report of Hearings

Ottawa, Ont., Jan. 26, 1938

p. 3513

### HALIFAX AWARD

#### AMOUNT OF CLAIM

New Brunswick's Submission:

Hon. Mr. Jones: "....Incidentally, I may say here that out of that sum of \$4,490,000 which was sent by the British Government to the Dominion Government, New Brunswick's fair share would be upwards of \$1,000,000 according to the value of the fisheries, as nearly as I can estimate it. And if we are right, if the Dominion has improperly retained that money,--because we have not been able to get it--then I think we ought to have interest on it at 5 per cent, which seems to be a fair rate of interest on moneys wrongfully withheld, if they were wrongfully withheld and compounded today it amounts to the very tidy sum of upwards of \$15,000,000. As you gentlemen will see, this proposition which I make might seriously affect the position of the province in regard to fiscal need, because if we had that \$15,000,000 our fiscal need would not be quite so great as it is today."

Report of Hearings

Fredericton, N. B., May 20, 1938

pp. 8753-54

### HALIFAX AWARD

#### AMOUNT OF CLAIM WITH INTEREST

New Brunswick's Submission:

Hon. Mr. Jones: "We think if we are entitled to anything we ought to be entitled to the interest for sixty years, and it reaches the quite relatively large sum, as far as this province is concerned, of some \$15,000,000 because at compound interest, at the rate of 5%, it would double itself in every fifteen years, and it is a matter very easily figured. However, for a few millions we are not so fussy about that, if we might even get 4%."

Acting Chairman: "Even 3%?"

Hon. Mr. Jones: "Well, I do not think we could cut it down quite to three."

Report of Hearings

Fredericton, N. B., May 20, 1938

pp. 8765-66

### HALIFAX AWARD

#### EFFECT OF BONUSES OF CLAIM

New Brunswick's Submission:

Hon. Mr. Jones: "...I think New Brunswick would be quite entitled to an allowance, even if the bonuses were applicable, because they



## F I S H E R I E S (Cont'd)

### HALIFAX AWARD (Cont'd)

"have not been properly distributed.

"Of course, the amount must be determined and that would require some inquiry, but we estimated it would be in excess of a million dollars taking these valuations into account."

Report of Hearings

Fredericton, N. B., May 20, 1938

p. 8766

### HALIFAX AWARD

#### NECESSITY FOR ADJUSTMENT OF AWARD AND BONUS

New Brunswick's Case:

"It is suggested that the Commission examine into this question having in view the following considerations:

- "1. That the net amount paid to Ottawa as a result of the Halifax Award does not properly belong to Ottawa but to those provinces whose shore fishing rights were involved in the Treaty of Washington.
- "2. That the bonus paid since 1883 bears no connection with the Halifax Award.
- "3. That the net capital amount, with accrued interest, should be distributed to the provinces directly concerned; and that an Arbitration Board representing said provinces be set up to agree upon an equitable manner of distribution.
- "4. That the capital amounts so distributed should be retained as a trust to promote the interests of the fishermen.
- "5. That the distribution of the bonus is not an equitable basis as demonstrated by the data set forth below."

New Brunswick Brief

pp. 67 & 68

### HALIFAX AWARD

#### RIGHT OF DOMINION TO RETAIN AWARD

New Brunswick's Submission:

Hon. Mr. Jones: "...I think it is important to note that the Dominion of Canada was not represented there; apparently it never asked to be represented. The agent was the British agent, and the British agent asked for counsel only representing those provinces and the colony of New foundland who were interested in the award being made, and in view of what I expect to say, it is a very significant fact that the Dominion as a Dominion apparently had no interest in that Award. I submit they did not really have any interest in it, and at that time they did not pretend to have any interest in it, but when they got the money they kept it, and that is what we complain of."

Report of Hearings

Fredericton, N. B., May 20, 1938

p. 8752

## JURISDICTION

### ESTABLISHMENT OF PROVINCIAL SERVICE

Prince Edward Island, Hon. Mr. Campbell, for:

There are certain local problems concerning our fisheries which the general Dominion fisheries policy does not adequately solve. It is therefore felt that there should be some modest provincial fisheries organization.

Report of Hearings

Charlottetown, P.E.I., February 11, 1938

p. 4506

## JURISDICTION AND ADMINISTRATION

### EXTENSION OF DOMINION AND PROVINCIAL SERVICES

Nova Scotia, Hon. Mr. Macdonald, for:

Feels that, although many of the fisheries' problems are international and thus must be met by the Dominion Government, Nova Scotia should appoint a director of fisheries "who would go up and down this





## F I S H E R I E S (Concluded)

### JURISDICTION AND ADMINISTRATION (Concluded)

#### EXTENSION OF DOMINION AND PROVINCIAL SERVICES (Concluded)

"Province giving attention to the problems of marketing, the problems of educating fishermen along lines in their own industry, the problem of transportation and freight rates." States that the Federal Government should enlarge the activities of their staff in fisheries research and experimentation and that the federal supervisor of fisheries in the Maritime Provinces should have more control than he has now.

Report of Hearings

Halifax, N. S., February 4, 1938

p. 4080

## F O R E S T R Y

### SERVICES

#### DUPLICATION OF FORESTRY SERVICES

##### Ontario's Position:

Commissioner MacKay: "Is there any reason why the province could not perform the functions now performed by the Dominion in the matters of entomology and photography?"

Mr. Cain: "There is no reason why the province should not do it, but I do not see the necessity for doing it. There is absolutely no overlapping in respect of the experimental work which is being done at the present time. It is only in the survey work that there may be any overlapping, and there is really no overlapping at that point. The Dominion does photographic work and the province does photographic work. The province informs the Dominion what it has done and the Dominion supplies the same information to the Province. All this work is of direct value."

Commissioner MacKay: "There is no overlapping, then, in respect of research, either?"

Mr. Cain: "There is no overlapping insofar as our department is concerned. There may be an occasional confliction of opinion or a difference in the local understanding as to ownership or some such thing, but these differences are of such minor importance that some day, I hope, by conferences between the departments they can be entirely removed."

Commissioner MacKay: "The present divisions of functions is satisfactory to the province, is it?"

Mr. Cain: "It is satisfactory so far as the province is concerned, due to the fact that the province owns, operates and controls its entire forest area. There is absolutely no overlapping of the forest services necessary to administer these forests."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7941-42

### SERVICES

#### DUPLICATION OF FORESTRY SERVICES

##### Dominion's Position:

Mr. Gibson: "With respect to the work of the Dominion Forest Service, it is considered that there is no overlapping with provincial activities. In the field of forest products research the provinces do no work and the question does not arise. Other work of this service--in economics, silvicultural research and fire protection research--is carried on expressly for the purpose of making information available to the provinces and to industry. It is true that a relatively small amount of similar work is done in two or three of the provinces, but care is taken to ensure that projects taken up by the Dominion are those of practical concern to industry and that full use is made of any information obtainable elsewhere, either from governmental or industrial research."

Report of Hearings

Ottawa, Ont., May 30, 1938

p. 9636



## HEALTH, PUBLIC

### ADMINISTRATION

#### DOMINION ADMINISTRATION WITH PROVINCIAL AID

##### New Brunswick's Position:

Commissioner MacKay: "How do you propose the Dominion should do it, the Dominion should extend to the Provinces specific grants in aid?"

Hon. Mr. Jones: "No, because if it is a matter of Dominion jurisdiction it is not a matter for provincial administration. It would not be the same as grants-in-aid. It would be the same as, we will say, the administration of the soldiers' health, the Indians' health. They do it and they have administered the whole thing, but can call upon us for assistance. They have the administration. As in the case of the old age pensions, the provinces have the administration because it is a matter within Federal jurisdiction. But if it were in Dominion jurisdiction then they would have the whole responsibility of administration. Now, they can arrange easily for local subsidiary administration or assisting administration, as they choose. But my suggestion is that they should approach the matter and assume more of the expense under that head than they have been assuming in the past, by reason of the fact that under my construction of the statute it is a matter wholly for which they should be responsible. And I think as a matter of policy for the welfare of the nation they ought to take hold of those things, the administration of public health."

##### Report of Hearings

Fredericton, N. B., May 19, 1938

pp. 8680-81

### ADMINISTRATION

#### DOMINION AID A COROLLARY OF DOMINION ADMINISTRATION

##### New Brunswick's Position:

Mr. Stewart: "Still, if it is a matter for Dominion jurisdiction then it is a matter for Dominion administration, is it not?"

Hon. Mr. Jones: "Yes, if it is Dominion jurisdiction, then it is Dominion administration. It means quite a lot of money, too, I think."

##### Report of Hearings

Fredericton, N. B., May 19, 1938

p. 8685

### ADMINISTRATION

#### GIST OF NEW BRUNSWICK'S CASE ON DOMINION RESPONSIBILITY

##### New Brunswick's Position:

Hon. Mr. Jones: "My suggestion was that the Dominion should regard it" (administration of public health service) "as something to which it really should contribute more than it is doing at present."

##### Report of Hearings

Fredericton, N. B., May 19, 1938

p. 8685

### ADMINISTRATION AND FINANCING

#### PROVINCIAL ADMINISTRATION AND DOMINION CONTRIBUTION

##### New Brunswick's Submission:

"Our submission is that such services" (i.e., treatment of cancer, leprosy, venereal diseases, other infectious and contagious diseases, mental hygiene, feeble minded and insane) "can be more effectively carried on by the local administration of the Province but that the Province should have some fair adjustment made by the Dominion as compensation in respect of such expense so incurred."

##### New Brunswick Brief

p. 41

### CO-ORDINATION, DOMINION-PROVINCIAL

#### COMPARISON OF METHODS

##### Ontario's Preference:

Commissioner MacKay: "Do you share the same opinion as Mr. MacBride, that it is better for the people interested in a practical problem to get together and thresh these problems out, than merely to have inter-provincial conferences of cabinets and so on?"





HEALTH, PUBLIC (Cont'd)

CO-ORDINATION, DOMINION-PROVINCIAL (Concluded)

COMPARISON OF METHODS (Concluded)

Dr. McGhie: "We have found that this method has been very satisfactory. You can deal, in addition, with the Deputy Minister of another province. If any matter comes up which concerns only the two of you, you can confer with one of the other officials. This individual and personal communication to them means more than a Dominion conference; it secures better results."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7902-03

DOMINION AND PROVINCIAL JURISDICTION

The Chairman: "Is there any reason why that work" (of Dominion Department of Health) "should not be done by the Provinces?"

Dr. McGhie: "Well, as it does not materially affect this province I do not know whether I should presume to answer that. It is more a matter for the Maritime Provinces and British Columbia. The control of the quality of foods and drugs, for both men and animals, under the Food Control Act, is the responsibility of the Federal Department, and it being national in its scope I think rightly belongs there. And the protection of the public against dangerous drugs and narcotics is also a Federal matter. There is need for closer co-ordination of our efforts in that field, which I might deal with later."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7890

DOMINION ROLE, OUTLINE OF

British Columbia, Hon. Dr. Weir, for:

Dominion leadership in the health field can be effectively exercised through establishing a national service of research, and bureau of statistics, expert advice on health service planning, and public education. These essential items in a modern health programme are too highly specialized to be adequately developed by Provincial health departments.

Report of Hearings

Victoria, B. C., March 18, 1938

p. 5215

British Columbia, Hon. Dr. Weir, for:

The Dominion besides operating certain services that must be national, should adopt a greater measure of national leadership in the health field, and should assist the Province financially in meeting certain problems.

Report of Hearings

Victoria, B. C., March 18, 1938

pp. 5218

DUPLICATION OF SERVICES

BIANNUAL CONFERENCE OF PROVINCE OFFICIALS OBVIATES DUPLICATION

Dr. McGhie: "I might say that twice a year the senior officers, the chief officers of health or deputy ministers of health of the various provinces meet in Ottawa under the Canadian Council of Health, and that we are able to clear up matters of health and that is why we do not find conflict and why there is no overlapping."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7899

DUPLICATION OF SERVICES

IN FOODS AND DRUG INSPECTION SERVICES

Dominion, Dr. Wodehouse, Deputy Minister, Department of Pensions and National Health, for:

Mr. Stewart: "Food and drugs inspection involves a certain co-operation with the provinces to see that the fields do not overlap, is that so?"

Dr. Wodehouse: "Yes."

Report of Hearings

Ottawa, Ont., Jan. 31, 1938

p. 3831





HEALTH, PUBLIC (Cont'd)

DUPLICATION OF SERVICES (Cont'd)

IN THE CONTROL OF COMMUNICABLE DISEASES

Dominion, Dr. Wodehouse, Deputy Minister, Department of Pensions and National Health, for:

Chairman: "'The control of communicable diseases'--this is within provincial jurisdiction, and your department does not exercise any control in that respect."

Dr. Wodehouse: "No sir, if you will just remember that all the detailed work concerning the population of Canada is a provincial matter and all the detailed work concerning the people coming through our borders is a Dominion responsibility, I think you will always have a very clear division of responsibility in your mind."

Report of Hearings

Ottawa, Ont., Jan. 31, 1938

p. 3829

DUPLICATION OF SERVICES

IN THE FIELD OF EPIDEMIOLOGY

Dominion, Dr. Wodehouse, Deputy Minister, Department of Pensions and National Health, for:

Mr. Stewart: "Have any of the provinces similar officials" (in the field of Epidemiology) "or are there similar functions being performed by any division of Epidemiology?"

Dr. Wodehouse: "Yes."

Mr. Stewart: "By which provinces?"

Dr. Wodehouse: "Ontario, Quebec, and Manitoba, to my knowledge. Alberta and British Columbia might have."

Mr. Stewart: "Are there any overlapping services whatever?"

Dr. Wodehouse: "None whatever."

Report of Hearings

Ottawa, Ont., Jan. 31, 1938

p. 3833

DUPLICATION OF SERVICES

IN THE MATTER OF PUBLICITY

Dominion, Dr. Wodehouse, Deputy Minister, Department of Pensions and National Health for:

Mr. Stewart: "In the main Brief, Dr. Wodehouse, which you have presented, I notice there is a department of publicity mentioned."

Dr. Wodehouse: "It is being organized. We have found difficulty in getting an appointee. We have the funds, but we have not actually designated a man as yet."

Mr. Stewart: "Now, is there any overlapping, in your opinion, between the function of such a department and the work carried on by the provinces?"

Dr. Wodehouse: "Well, I should think that, in a matter of this kind, if there was any duplication, it would be for the general good. The more repeatedly we can impress upon people that certain things are for their own good, the better the result will be."

Mr. Stewart: "Is there any publicity department connected with the provincial activities?"

Dr. Wodehouse: "I do not know of any, but they have all been issuing information in pamphlet form, and so have we."

Mr. Stewart: "And radio work?"

Dr. Wodehouse: "Yes."

Mr. Stewart: "It would not be the intention of the publicity division of your department to overlap, but rather to co-ordinate, I suppose?"

Dr. Wodehouse: "Well, to co-ordinate--with our meetings every six months, our views are almost one. We know where we are going and



## HEALTH, PUBLIC (Cont'd)

### DUPLICATION OF SERVICES (Cont'd)

#### IN THE MATTER OF PUBLICITY (Concluded)

"help one another in getting there. With only a six months' lapse, nothing really can go wrong. The provinces requested us to set up this division of publicity."

Mr. Stewart: "In all other places where any serious overlapping can come about are those indicated on pages three and four of your Brief, is that right?"

Mr. Wodehouse: "Yes."

Mr. Stewart: "They are largely concerned with child and maternal hygiene and industrial hygiene?"

Mr. Wodehouse: "Yes, but if you will recall, we never attempt to go into the provinces with these services unless requested to do so. We always have the co-operation of the provinces and so we really never get into any difficulty in the matter."

#### Report of Hearings

Ottawa, Ont., Jan. 31, 1938

pp. 3827-28

### DUPLICATION OF SERVICES

#### LACK OF DUPLICATION

##### New Brunswick's Case:

Dr. Warwick: "I feel that there is no real overlapping. The services of Health Division and Provincial Department of Health have been pretty clearly defined--overlapping has been avoided largely through the Dominion Health Council. There might possibly be slight overlapping but it is more or less immaterial."

##### Report of Hearings

Fredericton, N. B., May 19, 1938

p. 8671-A

### DUPLICATION OF SERVICES

#### ONTARIO SAYS CANADIAN COUNCIL OF HEALTH OBVIATES DUPLICATION

Dr. McGhie: "Yes, it certainly helps in the latter. I do not think, so far as this province is concerned, there is any overlapping."

##### Report of Hearings

Toronto, Ont., May 6, 1938

p. 7902

### EXPENDITURES, ONTARIO'S

#### NECESSITY OF INCREASE

"Much more money will have to be spent in the coming years on health services in bringing adequate hospital service to the population outside the larger cities and especially in developing preventive work."

Ontario Brief, Book 2

p. 35

### HOSPITALIZATION

#### ONTARIO CONSIDERS IT SHOULD BE HANDLED BY AGREEMENT

Dr. McGhie: "It is a question that perhaps should receive consideration through some agreement, some rules that might be drawn up with the Federal Department of Pensions and National Health to which the other provinces could subscribe and that might be handled by agreement."

##### Report of Hearings

Toronto, Ont., May 6, 1938

p. 7899

### INDUSTRIAL HYGIENE

#### DUPLICATION OF SERVICES AND DOMINION-PROVINCIAL CO-OPERATION

Dominion, Dr. Wodehouse, Deputy Minister, Department of Pensions and National Health, for:

Chairman: "Does your department make any scientific study in industrial hygiene, or is any scientific study being made by the Research Council?"





HEALTH, PUBLIC (Cont'd)

INDUSTRIAL HYGIENE (Concluded)

DUPLICATION OF SERVICES AND DOMINION-PROVINCIAL  
CO-OPERATION (Concluded)

Dr. Wodehouse: "Yes, by the National Research Council. One of their very best authorities is in charge of the matter, a man named Cunningham, I believe. We are just setting up a division of industrial hygiene at the request of those provinces who really do not feel that they should spend the money to maintain such a feature. They would like to have the benefit of consultant services, upon request, from the Dominion government. We do not anticipate that Ontario needs it at all, but some of the other provinces have asked for it."

Chairman: "Would there be any duplication if you set up one branch for certain provinces and Ontario and Quebec had their own? Could it not be as efficiently done by one branch or department?"

Dr. Wodehouse: "I think, in cases where the provinces have set up such services that they know the needs of their people intimately and would do the work as well or better than anyone we could send. However, for those provinces which do not feel they want to spend the necessary money for the maintenance of such an expert, I think we could render them such a service, upon their request, to investigate the various industries which they felt needed investigation."

Commissioner MacKay: "The cost of such a system would not be any greater?"

Dr. Wodehouse: "It would be much less."  
Report of Hearings

Ottawa, Ont., Jan. 31, 1938

pp. 3829-30

INSANE CRIMINALS

A REASON FOR DOMINION RESPONSIBILITY

Ontario's Position:

Hon. Mr. Conant: "... As you, Mr. Chairman, particularly know there are cases where a person is convicted sometimes of a capital offence, and is then, because of his mental condition, committed to an institution. This is not uncommon. Then, the question arises in after years--I have one instance in mind which has arisen since I have been in office--when the person has recovered his normal mental condition, what should be done? Should the patient be released or what should be done? I have felt that it was rather too great a responsibility to take to recommend the release of a person, particularly a person who had committed a capital offence. Fundamentally, that is a matter of federal concern, clemency is a matter of federal concern. It impressed itself very strongly on my mind when this came to my attention that the federal government, particularly because of that incident and a great many others, should have to take over the care and final disposition of the criminally insane.....The minor offences are finally disposed of, but in the case of capital offences it is very difficult to know the proper procedure at the present time. I thought it not out of the way or inopportune to bring it to your attention, because I feel something should be done by the federal department to meet that situation."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7907-08

INSANE CRIMINALS

ESTABLISHMENT OF A DOMINION SERVICE FOR CRIMINALLY INSANE

Ontario's Position:

Mr. St. Laurent: "With respect to the care of convicted persons who are afterwards found to be insane, are there sufficient numbers of them to warrant the establishment of special institutions to take care of them?"

Dr. McGhie: "Well, from the applications we receive respecting these cases from the federal department, I would say yes. I do not know what the situation is outside the Province of Ontario."

Mr. St. Laurent: "But from what occurs within your own province, you think there would be a sufficient number to justify the erection of a federal institution?"



## HEALTH, PUBLIC (Cont'd)

### INSANE CRIMINALS (Cont'd)

#### ESTABLISHMENT OF A DOMINION SERVICE FOR CRIMINALLY INSANE (Concluded)

Dr. McGhie: "I think so, not only with regard to the examination of these people,--they are not all insane. Some of them become insane while they are lodged in the penitentiary. Our staff is called upon to make examinations of these patients and we co-operate with the federal authorities in this respect. I think there should be a psychiatric service established so that these patients may be detected at an earlier stage."

Mr. St. Laurent: "You think that would require a federal service?"

Dr. McGhie: "By service--well, I am not aware whether one psychiatrist could serve more than one penitentiary or not. I do not know, that is a matter of administration. There should be some man who could check up on the mental health of the inmates in a penitentiary."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7905-06

### INSANE CRIMINALS

#### RESPONSIBILITY FOR INSANE CASES ONCE CRIMINAL

Dr. McGhie: "I might say, Mr. Chairman, that even though a person becomes insane after three months in a penitentiary, that person is sent to one of our institutions at the expense of the federal government. As soon as that person's sentence has expired, even if the provincial department has to retain that person in the hospital for a number of years, the revenue from the federal department ceases. It becomes the responsibility of the provincial department to look after that person without any remuneration."

The Chairman: "In that case, you would like longer sentences, I suppose?"

Dr. McGhie: "We would like the person cured of the disease, sir."

The Chairman: "I am afraid that would not constitute a claim against the federal government. If a person went insane before being committed to the penitentiary, the province would have to look after that person. The fact that that person went insane after being committed to the penitentiary and continued to be insane after the sentence had expired, I would not think would impose any obligation upon the federal government to look after that person after the sentence had expired."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7908-09

### INSANITY

#### ONTARIO BELIEVES DOMINION SHOULD MAINTAIN INSANE CONVICTS

Dr. McGhie: "We believe the Federal Government should provide for those rather than ask us to do so, and pay us for it.....We think that" (the mental examination of prisoners) "should be provided for in the criminal code."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7898-99

### INSURANCE AND SERVICES, HEALTH

#### DOMINION-PROVINCIAL RELATIONS

British Columbia, Hon. Dr. Veir, for:

"There are no matters of legislation which should more appropriately be assigned to the Province than health and education." "Also health insurance cannot be considered apart from public health services. Persons who have advocated a national scheme of health insurance have not realized this. If the Dominion were to sponsor a health insurance scheme, national in scope, almost inevitably the Dominion would have to assume the primary responsibility for public health. There is a strong case for Provincial jurisdiction over major health services as well as health insurance. But this does not mean that the Dominion has no legitimate part to play in the health field: The Dominion should take the lead in establishing uniformity between the Provinces, it could protect the Provinces against health problems that are beyond their control and it could return to the policy of giving conditional grants for worthwhile health services."

Report of Hearings

Victoria, B. C., March 18, 1938

pp. 5205, 5213





HEALTH, PUBLIC (Cont'd)

JURISDICTION

DOMINION JURISDICTION

New Brunswick and Commission's Position:

Acting Chairman: "Constitutionally though, you do not hold very strong convictions in favour of federal jurisdiction, do you?"

Hon. Mr. Jones: "I am rather of a strong opinion that the Act imposes public health, outside hospitals, as a matter of Dominion concern."

Acting Chairman: "I am not very sure, but it seems to me that it is a provincial matter."

Report of Hearings

Fredericton, N. B., May 19, 1938

p. 8685

JURISDICTION

DUPLICATION OF SERVICES

Mr. Lang: "I think the statement" (filed by the Department of Health) "shows there is no overlapping, really."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7889

NARCOTIC DRUG CONTROL

ONTARIO'S RECOMMENDATION FOR FURTHER DOMINION CONTROL

Dr. McGhie: "Then, there is the question I mentioned previously, the control of narcotic drugs. The present system is that the derivatives of opium are supervised and controlled, their sale and distribution, by the Federal Department of Health through their narcotic division. But, certain other drugs such as, codeine and barbituric acid derivatives, are not dealt with there and we now accept the fact that they are habit forming. So that the province had to step in there and under the pharmacy Act provide legislation for the control of these drugs. We feel that might be dealt with as the opium situation is dealt with."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7897

POISONS

NECESSITY FOR SOME ADJUSTMENT AS TO SALE

Dr. McGhie: "....it is suggested that a list of the drugs that are used might be prepared by the Dominion Department of Pensions and National Health and some amendment to the Act which would permit this to be done legally, and at the same time some record kept of the sale of these poisons by the merchants who do sell them now."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7897

RELATIONS, DOMINION-PROVINCIAL

Prince Edward Island's Case:

In regard to Public Health the Provinces are handicapped especially in the case of contagious and communicable diseases, by the geographical limitations on their jurisdiction. "We do not approve the extension of the system of joint contributions as between the Dominion and the Provinces," as proposed by Manitoba. We prefer, and propose, that the Dominion take over entirely a defined portion of the public health field, such as the field of communicable and preventable diseases, while the Provinces continue to administer the older forms of public welfare services, such as mental hospitals, home for aged, etc.

Prince Edward Island Brief

pp. 45 & 46





HEALTH, PUBLIC (Cont'd)

RESEARCH, MEDICAL

ADVISABILITY OF DOMINION JURISDICTION

New Brunswick's Case:

Dr. Warwick: "I think there are some projects possibly going on at the present time or are being initiated, but I do not think there has been any real work done by the research council up to the present time in medicine research, preventive medicine research work."

Commissioner MacKay: "Do you think that is a function which the Dominion could legitimately perform and could perform better than the Provinces?"

Dr. Warwick: "I do, sir, or possibly in specific instances, if the material were more readily available in a particular province, the work could be done there in collaboration with the province. I do think that one function of the federal department of health should be to assist the provinces in dealing with particular problems which are almost their own in scope. There is a great deal of material available now in the provinces to be worked out in a research way, which the provinces themselves have not the staff to do and I think that might be considered as a legitimate function of the federal department to deal with the matter and assist. I think that is what they have in mind eventually when they have an adequate staff."

Report of Hearings

Fredericton, N. B., May 19, 1938

pp. 8675-76

RESPONSIBILITY

DIVISION OF RESPONSIBILITY BETWEEN DOMINION AND PROVINCES

New Brunswick's Position:

Commissioner MacKay: "Are there not two questions, Mr. Jones? The first question, it seems to me, is the question of jurisdiction."

Hon. Mr. Jones: "Yes."

Commissioner MacKay: "The second question is economy of administration."

Hon. Mr. Jones: "Yes."

Commissioner MacKay: "It may be that the subject of public health legally--I am not a lawyer and I express no opinion on it,--it may be that the subject of public health legally falls in one jurisdiction or another, but it may turn out to be the wrong jurisdiction from the point of view of administration."

Hon. Mr. Jones: "Possibly."

Commissioner MacKay: "Public health is a subject which demands very close detailed local supervision. The Doctor has suggested that there are special problems in each province. We cannot overlook, it seems to me, the problem of administration, even if the problem of jurisdiction were settled."

Hon. Mr. Jones: "Quite so. And it might be that local administration would be better. Of course we claim about other social services that local administration is the best, and we want to be consistent along that line. But the reason I point out that is that the Dominion can very easily arrange for local administration through out Department. We are quite willing to do that. We are quite willing to contribute to the service. But my idea is that the Dominion should approach the matter in a little different manner, instead of in a haphazard way,--I will not say haphazard,--but in a limited way as they are doing it now. They ought to approach it along a substantially different line, which would save us money that we are expending now for work the Dominion should do. That is the point."

Report of Hearings

Fredericton, N. B., May 19, 1938

pp. 8679-80

RESPONSIBILITY

DOMINION RESPONSIBILITY

New Brunswick's Position:

Hon. Mr. Jones: "...our position in reference to the public health



HEALTH, PUBLIC (Cont'd)

RESPONSIBILITY (Cont'd)

DOMINION RESPONSIBILITY (Concluded)

"of Canada is that it is, outside of a few limited matters, the responsibility of the Dominion and not of the province..... Questions of reasearch which have just been referred to, and general questions of enquiry into modern methods of dealing with the public health of the nation, the treatment of public health in all the districts, outside of hospital care, outside of asylum care, throughout the several rural communities where tuberculosis is rampant, we will say venereal diseases and all that sort of thing, the position of this province is, whether rightly or wrongly, as a matter of law, that the responsibility for all that public health is on the Dominion and not upon the provinces. I am not sure whether the question has ever been raised, and of course we advance it simply as our view of the construction of this act.....I would like the matter to be carefully considered by your board, and if it is a responsibility of the Dominion in relation to all these matters, outside of the peculiar ones that are mentioned there, and particular ones, then it seems to me it would result in relieving the provinces of a great burden."

Report of Hearings

Fredericton, N. B., May 19, 1938

pp. 8677-79

RESPONSIBILITY

DOMINION RESPONSIBILITY FOR MANY PUBLIC HEALTH MATTERS

New Brunswick's Submission:

"Our submission is that there are many branches of the public health services apart from the question of hospitals, asylums, charities and eleemosynary institutions, which cannot be considered as matters of a merely local or private nature in the Province and that in respect of these services the burden falls upon the Dominion under its residuary powers."

New Brunswick Brief

p. 40

RESPONSIBILITY, PROVINCIAL

ABSOLUTE NECESSITY FOR PROVISION FOR PUBLIC HEALTH IN PROVINCES

Commissioner Angus: "At page four of the first brief, I am not quite clear as to the meaning of the last paragraph but one."

Dr. McGhie: "It refers to one and two at the top of the page."

Commissioner Angus: "Does it mean that a province should be helped if it is too poor to carry out certain services, or does it mean that there are no provinces too poor to carry out these services?"

Dr. McGhie: "Enlarging the situation, it means that epidemics should be dealt with and situations like those which affect the health of the people, generally."

Commissioner Dafoe: "I think the natural inference is that the Dominion should help out a province which is economically unable to keep the health standards of the province to a point where it would be able to cope with a condition which might affect the health of the nation as a whole."

Dr. McGhie: "There is a precedent for that in the treatment of venereal disease and tuberculosis; there is Dominion aid in these respects."

Commissioner Angus: "The sentence is this: 'I do not believe that the economic status of any province should affect their efforts at the control of conditions other than those which might be placed in categories one or two.' Does that mean the efforts of the provincial or Dominion department?"

Dr. McGhie: "Here, in this province. My opinion, as I say in the brief, the principle which is presented there is that a certain definite percentage of the tax which is collected might be earmarked for health. We believe that health is a very important thing to the citizens of the province."

Commissioner Angus: "Irrespective of the economic status?"

Dr. McGhie: "Or the municipality, which does not receive primary consideration."





HEALTH, PUBLIC (Concluded)

RESPONSIBILITY, PROVINCIAL (Concluded)

ABSOLUTE NECESSITY FOR PROVISION FOR PUBLIC HEALTH IN  
PROVINCES (Concluded)

Commissioner Angus: "You mean it should be a first charge?"

Dr. McGhie: "Yes, Commissioner Angus."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7903-04

SERVICES

DIVISION OF RESPONSIBILITY AND MAINTENANCE

Prince Edward Island, Hon. Mr. Campbell, for:

Prince Edward Island does not consider the Manitoba proposal, whereby the Dominion would contribute 50% towards hospitalization and public health, a desirable proposal. If the Dominion is going to extend its services in the direction of public health it would be better to take over certain specific services completely.

Report of Hearings

Charlottetown, P.E.I., February 11, 1938

p. 4516-17.

SERVICES

FINANCIAL ADJUSTMENT AND FUTURE PLAN

New Brunswick's Request:

"We are therefore hopeful that this Commission may recommend that there be an adjustment between the Dominion and the Province with respect to the moneys which the province and municipalities have already expended for health services which should properly have been carried on by the Dominion, and that it may be found possible to recommend some plan which will satisfactorily provide for future operations."

New Brunswick Brief

pp. 43 & 44

IMMIGRATION AND COLONIZATION

DUPLICATION OF SERVICES

Dominion's Position:

"The work" (of the Dominion Immigration Branch) "of the Branch overseas is at present largely inspectional, offices for this purpose being maintained in the British Isles, Continental Europe, and at Hong Kong. By this means the fitness of immigrants is largely determined before they leave Europe or Hong Kong. The work done does not overlap the functions of any of the provincial governments...."

"The work of the Immigration Branch in Canada relates mainly to the administration of the Immigration Act and Regulations; no provincial organizations exist for any of this work."

Report of Hearings

Ottawa, Ont., May 30, 1938

pp. 9622-23

ORIENTALS

REPATRIATION OF ORIENTALS

British Columbia's Recommendation:

"20. Oriental Immigration into Canada should be prohibited upon grounds of ethnological differences of race, and as many Orientals as possible should be returned to the land from which they came."

British Columbia Brief

p. 353

SETTLEMENT

FUTURE SETTLEMENT OF AGRICULTURAL LAND IN ONTARIO

Ontario's Opinion:

The Chairman: "Without binding anybody, Mr. Cain, do you look forward to any substantial increase in agricultural settlement in the



IMMIGRATION AND COLONIZATION (Concluded)

SETTLEMENT (Continued)

FUTURE SETTLEMENT OF AGRICULTURAL LAND IN ONTARIO (Concluded)

"near future in these areas?"

Mr. Cain: "Not in the near future unless by some fortuitous means or otherwise the native population of Ontario would increase unexpectedly or that the immigration laws would be loosened and the policy of the Government would be to admit foreigners into taking up and occupying vacant lands of the province."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7937

SETTLEMENT

NATIONAL POLICY

Saskatchewan, Professor Allen, for:

Admits that at present the Provincial Government alone can regulate settlement and undertake resettlement schemes but suggests that there should be formulated a national policy.

Report of Hearings

Regina, Sask., December 16, 1937

p. 2127

INDUSTRIAL DISPUTES

CONCILIATION

DUPLICATION OF SERVICES

Commissioner Dafoe: "There has been no case where the Dominion and the province tried to settle the same dispute at the same time? You never get your wires crossed?"

Mr. Dickson: "No, I do not think that was the case."

Report of Hearings

Ottawa, Ont., Jan. 31, 1938

p. 4668

INSURANCE

COMPANIES

JURISDICTION OVER SMALL, LOCAL COMPANIES

New Brunswick's Position:

Mr. Stewart: "Are there in your opinion, cases of small local companies, perhaps co-operative organizations that should remain subject to the jurisdiction of the province?"

Mr. McLatchy: "Well, I think they would have to remain subject to the jurisdiction of some person with an intimate knowledge of local conditions, because as we have those companies in New Brunswick, and we only have two, a very close contact is necessary."

Mr. Stewart: "For advisory purposes?"

Mr. McLatchy: "In an advisory capacity, yes."

Report of Hearings

Fredericton, N. B., May 20, 1938

p. 8796

CROP INSURANCE

AID AS COMPENSATION FOR OTHER POLICIES, DOMINION

Saskatchewan, Mr. Thornton, for:

Contemplates substantial assistance from the Dominion in setting up a crop insurance scheme in Saskatchewan and suggests that this might be in part compensation for the Dominion tariff policy and other national policies disadvantageous to Saskatchewan.

Report of Hearings

Regina, Sask., December 15, 1937

p. 2024



I N S U R A N C E (Cont'd)

CROP INSURANCE (Cont'd)

COVERAGE FOR OTHER INDUSTRIES

Saskatchewan, Commissioner MacKay, for:

Does not the Saskatchewan proposal for a scheme of crop insurance raise the important question as to why one particular industry should be singled out to receive Federal funds under such a system? Logically other industries might be included under a scheme of some sort such as fishing for instance.

Report of Hearings

Regina, Sask., December 14, 1937

p. 1858

CROP INSURANCE

REASON FOR

Saskatchewan, Hon. Mr. Davis, for:

"I think the farmer is soaked enough with the tariff, and that is a tax. Nobody is soaked more than the farmer in connection with the tax, for the benefit of the other parts of Canada." The Government of Saskatchewan does not desire to tax the farmer, but through the system of crop insurance, to equalize the effect of good years and bad.

Report of Hearings

Regina, Sask., December 13, 1937

p. 1585

CROP INSURANCE

SCHEMES, NEED FOR

Saskatchewan, Hon. Mr. Davis, for:

The factor of variability should never be forgotten in connection with Saskatchewan's economy. Eighty per cent of the Provincial production is wheat, which is subject to all sorts of hazards both as to yield and price. Corrective measures, and insurance schemes in particular, must be resorted to as frequently as possible.

Report of Hearings

Regina, Sask., December 16, 1937

pp. 2080-2102

CROP INSURANCE

SCHEME PROPOSED

Saskatchewan, Mr. Hansen, for:

The basic elements in the Saskatchewan scheme for crop insurance are:

1. Should at first be tried for wheat.
2. Proposal includes Saskatchewan only, but stated the scheme could be adopted for all three Prairie Provinces.
3. Insurance coverage would be only a percentage of the average annual yield, and would thus not necessarily destroy incentive.
4. Whether the scheme should be optional or compulsory not stated.
5. The scheme should be based on yield rather than price, insurance being in terms of bushels rather than dollars.
6. Time lag of five years suggested to accumulate reserves.
7. Administration costs, including the necessary research, would be approximately \$500,000 a year for ten years.
8. Federal aid would be needed to pay for administration at least.
9. As unemployment insurance not of great benefit in Saskatchewan a crop insurance scheme is needed as a supplementary measure.

Report of Hearings

Regina, Sask., December 14, 1937

pp. 1855-67





## I N S U R A N C E (Cont'd)

### FIRE INSURANCE

#### NO DUPLICATION IN WORK OF DOMINION FIRE PREVENTION ASSOCIATION

Dominion, Mr. Coleman, Under Secretary of State, for:

Mr. Coleman: "....The results"(of the Dominion Fire Prevention Association) "have been, we think, very encouraging and we think it is an effort well worth while."

Mr. St. Laurent: "It is not duplicating anything that is done provincially then, but rather a pooling of the information, a co-ordinating of the efforts throughout the various provinces?"

Mr. Coleman: "I am not prepared to speak for the provinces, but I have had no complaint that there is any duplication."

Report of Hearings

Ottawa, Ont., January 26, 1938

p. 3483

### HEALTH INSURANCE

#### Ontario's Position on Health Insurance

Dr. McGhie: ".... I am not in a position to discuss health insurance, we are not dealing with it at all."

.....

Hon. Mr. Cross: "I do not think it has reached the stage where it has been considered by the government, Mr. Chairman."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7900 & 7902

#### New Brunswick's Position:

Commissioner Angus: "Have you considered in that connection the possibility of the development of health insurance, and under what jurisdiction it should fall? I mean, the decision to adopt it or not adopt it?"

Hon. Mr. Jones: "No, I have not considered that."

Commissioner Angus: "It is closely related, of course, to the question of public health."

Hon. Mr. Jones: "It is a question that might very well be considered but I have not had occasion to consider it."

Report of Hearings

Fredericton, N. B., May 19, 1938

p. 8681

### HEALTH INSURANCE

#### DOMINION SUBSIDIES FOR HEALTH INSURANCE

British Columbia, Hon. Dr. Weir, for:

While health insurance is properly a Provincial service the Dominion still has a responsibility and could offer reasonably generous grants-in-aid.

Report of Hearings

Victoria, B. C., March 18, 1938

p. 5215

### HEALTH INSURANCE

#### ESTABLISHMENT OF HEALTH INSURANCE

Saskatchewan, Hon. Mr. Uhrich, for:

Any system of health insurance should be, if possible, national in scope. Otherwise there is bound to be room for dissatisfaction and injustice among employees: for instance, large companies employing workers who are transferred from Province to Province, as is the case with the railways, might be forced to pay in one Province and then be moved to another Province where there is no benefit. National manufacturers, having to pay towards a Provincial health insurance scheme would indirectly levy this cost upon consumers throughout Canada. The actual administration might be under the Provincial departments of health, subject however, to Federal inspection and supervision. The scheme should be contributory, the beneficiary contribution five ninths, the employer, two ninths, and the state two ninths. The scheme would not be limited to working men. It is suggested that for those with lower incomes the scheme



I N S U R A N C E (Cont'd)

HEALTH INSURANCE (Cont'd)

ESTABLISHMENT OF HEALTH INSURANCE (Concluded)

would be compulsory. It is stated, however, that such a scheme of national health insurance, in Saskatchewan at least, would not at present be feasible if it involved individual contributions.

Report of Hearings

Regina, Sask., December 15, 1937

pp. 1987-91

HEALTH INSURANCE

JURISDICTION OVER HEALTH INSURANCE

Manitoba, Hon. Mr. Bracken, for:

As regards jurisdiction over health insurance our personal judgment, but not considered opinion, is that health insurance is much in the same category as unemployment relief and should come under Dominion jurisdiction. "Our idea up to now has been that it would be preferable to have it dealt with as a Dominion responsibility."

Report of Hearings

Winnipeg, Man., December 8, 1937

pp. 1152-53

HEALTH INSURANCE

PLAN FOR ESTABLISHMENT OF HEALTH INSURANCE

Nova Scotia, Dr. Campbell, for:

While the Nova Scotia authorities have not given any serious consideration to the establishment of a system of health insurance in the Province, they have certain views on the form it should take. It should be under Dominion authority, nationwide, self-supporting on a contributory basis. Presumably it would be made compulsory within certain salary limits such as \$1,800 per year, and optional above that. Should some provinces not desire such a scheme that fact should not be allowed to prevent other Provinces going ahead on their own.

Report of Hearings

Halifax, N. S., February 7, 1938

pp. 4139-42

JURISDICTION

British Columbia, Hon. Mr. Pattullo, for:

As regards jurisdiction over insurance British Columbia believes that the present respective jurisdictions of the Dominion and Provinces should be maintained. (See testimony of Mr. Garrett for greater clarification).

Report of Hearings

Victoria, B. C., March 23, 1938

p. 5541

Nova Scotia, Mr. Barnstead, for:

Feels that Government supervision and inspection of insurance companies could be better done by the Dominion than the Province and at less expense to the companies and the public.

Report of Hearings

Halifax, N. S., February 7, 1938

p. 4094

Nova Scotia, Hon. Mr. Macdonald, for:

Except in relation to the licensing of agents and the law of insurance contracts it is agreeable to Nova Scotia that the legislative jurisdiction over insurance be assigned to the Dominion.

Report of Hearings

Halifax, N. S., February 8, 1938

p. 4212

JURISDICTION

DOMINION OUGHT TO HAVE SOLE JURISDICTION OVER INSURANCE, WITH  
EXCEPTION OF LICENSING AGENTS AND INSURANCE CONTRACT  
LEGISLATION

Dominion, Mr. Finlayson, Superintendent of Insurance, Loan  
and Trust Companies, for:

Commissioner MacKay: "If so, that" (the fact that Mr. Finlayson states that Provincial jurisdiction over licensing of agents and





I N S U R A N C E (Cont'd)

JURISDICTION (Cont'd)

DOMINION OUGHT TO HAVE SOLE JURISDICTION OVER INSURANCE, WITH  
EXCEPTION OF LICENSING AGENTS AND INSURANCE CONTRACT  
LEGISLATION (Concluded)

insurance contract legislation is preferable  
(see Insurance  
Jurisdiction)

Preference for Provincial Jurisdiction over Licensing of  
Agents and Insurance Contract Legislation))  
means that the separate insurance departments in the provinces  
are generally speaking, unnecessary."

Mr. Finlayson: "So far as the supervision of the financial stand-  
ing of insurance companies is concerned, I think they are. In  
some provinces, it is true they have a substantial number of  
small companies. They supervise those companies, but that super-  
vision could be done very well and much more economically by the  
Dominion department."

Commissioner MacKay: "There is no reason why these companies  
could not be chartered by the Dominion."

Mr. Finlayson: "No, although there are cases perhaps where local  
incorporation is to be preferred. At the present time we very  
often recommend to applicants for Dominion charters going to the  
provinces and getting provincial incorporation, that is where the  
business is very small, and the fees for incorporation by Dominion  
statute, Act of the Parliament of Canada, might be a little more  
than they could stand. If it is clear that their operations are  
going to be confined to the province, I think that that, probably,  
under our present setup is to be preferred. But I do not say it  
need continue to be so. It would be quite possible for the Domin-  
ion to pass, say, a general fraternal Act providing an easy means  
of incorporation under that Act of companies which intend to oper-  
ate only in the province. The other class of companies which per-  
haps is more local is the farm mutual company. A great many of  
these companies operate in a very restricted field. There are the  
parish mutual companies in the province of Quebec, for instance,  
operating on a very small scale. It would be quite possible for  
the Dominion to pass a general farm mutual Act by which small  
local companies could be incorporated at very small expense. So  
that that difficulty could be got over if the result would be to  
reduce this duplication of administrative expense."

Report of Hearings

Ottawa, Ont., January 26, 1938

pp. 3499-3503

JURISDICTION

DOMINION RIGHT OF JURISDICTION

Saskatchewan, Hon. Mr. Patterson, for:

The right of the Dominion Government to pass laws regulating in-  
surance companies should be placed beyond dispute. However, it  
would be probably necessary that the Provinces retain some measure  
of jurisdiction over local companies.

Report of Hearings

Regina, Sask., December 17, 1937

pp. 2293-95

JURISDICTION

ELIMINATION OF DOMINION DEPARTMENT

Ontario's Position:

Mr. St. Laurent: "As a matter of fact, are the forms that are  
required to be completed for the Federal Department different from  
those which are in use by the provincial departments?"

Mr. McNairn: "Yes, they are. The Dominion form is much more de-  
tailed and extensive than the provincial form, but our provincial  
form could be said to be a modified statement of the Dominion's,  
and it is prepared with a view to having the information taken  
from the Dominion statement. In other words, it is more of a  
copying task or clerical task in preparing the provincial modified  
form."

Mr. St. Laurent: "Would there be any practical possibility of  
eliminating the duplication if there were members of the Federal



I N S U R A N C E (Cont'd)

J U R I S D I C T I O N (Cont'd)

ELIMINATION OF DOMINION DEPARTMENT (Cont'd)

"staff in your Association and in your committees?"

Mr. McNairn: "Yes. In the past two years, since I have been Superintendent of Insurance, I have very much interested myself in trying to remove any confusion or duplication existing between the province and the Dominion."

Mr. St. Laurent: "And from your knowledge of the forms in use for Federal purposes, do you think that with co-operation between the Federal Department and your Department a greater degree of simplification could be achieved?"

Mr. McNairn: "Yes, there is no question about that."

Mr. St. Laurent: "Is your chief reason for the conclusion that the provincial department is essential the fact that there is such a large proportion of the Canadian Insurance carried on by companies located in Ontario?"

Mr. McNairn: "No, there are other matters which enter into my feeling in that respect. You have a close contact with all the cases in the insurance circles in your own province. Take, for instance, policy forms; ...."

Mr. St. Laurent: "And you think that those features require, in the public interest, the continuation of the provincial Department of Insurance?"

Mr. McNairn: "Very definitely, Sir: There is also the question of rates of insurance."

The same is true of your city risks and your country or rural risks, and the provincial department is closer to the picture there.

In general, my feeling on the question is that there are certain mechanical features, such as auditing and so on, that might be performed by one jurisdiction, but that all the other features are stamped with more of a local interest and would be best in the hands of the local body. It has a closer contact with what is going on."

Mr. St. Laurent: "I understand you consider that the provincial department must continue to exist?"

Mr. McNairn: "Yes."

Mr. St. Laurent: "That it is in the public interest it should continue to exist?"

Mr. McNairn: "Yes, that is my feeling. There are certain matters that definitely should be looked after by the province, and I think that is admitted by all the briefs which have been submitted to the Commission."

Mr. St. Laurent: "And even with respect to the auditing there would be, I take it from the brief here, in your view no danger of conflict or duplication, even if there were no Federal department?"

Mr. McNairn: "I have the feeling there, Sir, that there would be an improvement in that basis of auditing...."

Mr. St. Laurent: "They" (Dominion and Provincial inspectors) "co-operate in making the one inspection?"

Mr. McNairn: "Yes."

Mr. St. Laurent: "And you think that it is really as efficient and as practical as if it were under the control of one department?"

"Then your general conclusion is that public interest might be well served by the elimination of the Federal Department?"

Mr. McNairn: "Yes. I think the Chairman will perhaps recall that in 1932, I believe, there was a suggestion made by the provinces to settle definitely the insurance controversy."





I N S U R A N C E (Cont'd)

JURISDICTION (Cont'd)

ELIMINATION OF DOMINION DEPARTMENT (Concluded)

"The suggestion came from the provinces at that time for the establishing of a central--shall we say auditing department, and the management and the complete jurisdiction of insurance to be in the hands of the provinces. That suggestion was not adopted, It would have settled the dispute at that time. Now, in so far as it undertook only to place in the hands of a central department matters that were more of a mechanical nature,--auditing and statistical, it was workable, but if it goes beyond that then I think the protection and service we are giving to the public is going to stop if you do carry it beyond that."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7914-20

JURISDICTION

PREFERENCE FOR PROVINCIAL JURISDICTION OVER LICENSING OF AGENTS AND INSURANCE CONTRACT LEGISLATION

- Dominion, Mr. Finlayson, Superintendent of Insurance, Loan and Trust Companies, for:

Chairman: "One other point in connection with these briefs. These briefs suggest that the provinces should continue licensing agencies. They also suggest that the provinces should continue the matter of having jurisdiction in reference to the form of insurance contract."

Mr. Finlayson: "Yes. I deal with that in the memorandum. I would say, regarding insurance agents that if it could be carried on with reasonable expense, if it does not mean the setting up of a large overhead for administration, it is probably best left with the provinces. I do not say that the Dominion should not do it. I think the Dominion could do it if it had to, but our preference would probably be against doing it, providing it could be done with reasonable expense. With respect to the contracts, I would take about the same position. Ordinarily the legislation regarding insurance contracts should not require very much in the way of administration. The Act is passed and it operates. So that there again, if that could be done without excessive administrative expense, then I think it would probably be in the public interest to leave it that way. I say that particularly in view of the peculiar position--peculiar in one sense--of the province of Quebec. The province of Quebec has its civil code. I am inclined to think that that civil code was one of the things meant by the term 'property and civil rights' in the British North America Act. It is significant I think that Quebec is excepted from Section 94, which provides for Dominion legislation dealing uniformly with property and civil rights in the provinces. Quebec is excepted from that, which indicates I think that it was the intention that Quebec should be assured indefinitely of the benefit of the civil code and that civil code deals very largely with insurance."

Chairman: "Contracts for insurance."

Mr. Finlayson: "Yes. I do not say it would be impossible. I suppose that if insurance, without restriction, were relegated to Dominion jurisdiction, it would be possible for the Dominion to legislate respecting life insurance contracts in one way for the province of Quebec, and in another way for all the rest of the Dominion. I should think that would be possible."

.....

"Yes. That Commission, working with the Association of Superintendents of Insurance in the provinces, have worked out practically a uniform life insurance act dealing with the contents and form of the contracts; but that does not apply to the province of Quebec, and I think that all are agreed that it cannot be extended to that province. That is my impression. In view of that therefore our department takes no objection whatever to the regulation of the contract remaining with the province."

Commissioner MacKay: "I take it from your evidence that you think that all administration over insurance companies and insurance in general could be carried on from Ottawa with the exception of two matters--insurance contracts and the licensing of agents."





I N S U R A N C E (Cont'd)

JURISDICTION (Cont'd)

PREFERENCE FOR PROVINCIAL JURISDICTION OVER LICENSING OF  
AGENTS AND INSURANCE CONTRACT LEGISLATION (Concluded)

Mr. Finlayson: "Yes, I think that would be so, but I would somewhat qualify the licensing of agents. I think we could do it. For instance, our department could have representatives in the branch offices to sit in with the advisory committees I have spoken of and probably do just as well as they are doing now. But there is no doubt there would be delays in the remote sections of the country, which would perhaps be annoying to the agents in those districts. I think that on the whole it is better as it is."

Report of Hearings

Ottawa, Ont., January 26, 1938

pp. 3499-02

JURISDICTION

SATISFACTION OF DUAL ADMINISTRATION

Ontario's Position:

Mr. St. Laurent: "You have set out on pages 2 and 3 of this memorandum, Mr. McNairn, a summary of the purposes of the federal act and of the provincial act?"

Mr. McNairn: "Yes sir."

Mr. St. Laurent: "And your conclusion here also is that provincial supervision should be retained?"

Mr. McNairn: "Yes, my conclusion there is that there is not much to be gained from a change in the present method of supervision."

Mr. St. Laurent: "That there is not actually duplication?"

Mr. McNairn: "There is no real duplication that could not be remedied by co-operation, I do not think. As a matter of pure economy it would probably be best if the provinces did exercise complete jurisdiction over all companies within bounds, so far as Ontario is concerned. That might not work out so well with the other provinces but as far as Ontario is concerned it would work out because you would have the same standards and the same basis of protection for all companies in the province. And the responsibilities of the province, speaking of Ontario and Quebec, are much greater with respect to loan and trust companies than is the responsibility of the Dominion, in that we have more companies and with a greater volume of business, with greater assets, with respect to provincial companies in Ontario and Quebec."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7925-26

JURISDICTION

SATISFACTORY NATURE OF PRESENT DOMINION-PROVINCIAL  
ADMINISTRATION

Ontario's Position:

The Chairman: "Is the present arrangement working out satisfactorily, that is, where the Dominion registers the Dominion companies and such provincial companies as desire to register and inspects them, and the provinces look after the purely provincial companies and are responsible for the policy forms and agents' licences. Is that working out satisfactorily at the present time?"

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7921

JURISDICTION, DOMINION OR PROVINCIAL

ADVISABILITY OF PROVINCIAL DEPARTMENT

Ontario's Position:

Mr. St. Laurent: "First, I take it that the provincial inspection department is, while not absolutely necessary, at least, advisable, is it?"

Mr. McNairn: "Yes, Sir."



I N S U R A N C E (Cont'd)

JURISDICTION, DOMINION OR PROVINCIAL (Concluded)

ADVISABILITY OF PROVINCIAL DEPARTMENT (Concluded)

Mr. St. Laurent: "There are a substantial number of companies of local character requiring assistance and supervision by the provincial department, are there?"

Mr. McNairn: "Yes, particularly in the local institutions. I think that the provincial department is the right department to handle the matter, and that the organizations themselves would object to interference from the central government."  
.....

Mr. St. Laurent: "With respect to which you think it would be very inconvenient if they did not have the services and facilities of the provincial department?"

Mr. McNairn: "Yes. We keep a much closer check and much closer contact with them, I think, than a central department would."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7909-10 & 7913

JURISDICTION, DOMINION-PROVINCIAL

DIVISION OF JURISDICTION

New Brunswick's Position:

Mr. Stewart: "The suggestion has been made on several occasions that a sound division of authority in respect of insurance would be for the provinces to deal with the licencing of agents and the form of the insurance contract, the form and law of the insurance contract, but that other matters, such as registration and audit should be matters for the Dominion?"

Mr. McLatchy: "I would say yes, on a matter such as audit as to its financial position. I think it would be a question whether you should say the Dominion should deal with the matter of its solvency and financial condition and the province the rest or whether you should say the province should deal with agency and contracts and the Dominion the rest."

Report of Hearings

Fredericton, N. B., May 20, 1938

p. 8796

UNEMPLOYMENT INSURANCE

CONSTITUTIONALITY OF NATIONAL PLAN

Manitoba, Hon. Mr. Garson, for:

Feels that possibly the Dominion cannot Constitutionally establish a national employment service, notwithstanding the Provincial acquiescence so far shown. Also points out that as yet "Provincial acquiescence" has consisted merely of ministerial sympathy and not necessarily legislative co-operation.

Report of Hearings

Winnipeg, Man., December 2, 1937

p. 443 & 444.

UNEMPLOYMENT INSURANCE

DOMINION JURISDICTION AND SUBSIDIES

Nova Scotia, Hon. Mr. Macquarrie, for:

Emphasizes the fact that Nova Scotia due to the relative unimportance of manufacturing in her economy does not stand to gain as much as do the other Provinces for having jurisdiction over unemployment insurance transferred to the Dominion Parliament.

It is suggested that the moderate benefit which would result should such a scheme be enacted should be taken into account by a Federal Grants Commission, the establishment of which is recommended by Nova Scotia, in determining the amount to grant or subsidies to be allotted the various Provinces.

Report of Hearings

Halifax, N. S., February 3, 1938

p. 3931





I N S U R A N C E (Cont'd)

UNEMPLOYMENT INSURANCE (Cont'd)

DOMINION-PROVINCIAL JURISDICTION OVER CROP AND UNEMPLOYMENT  
INSURANCE

Ontario, Hon. Mitchell F. Hepburn for:

"This government is committed to a policy of unemployment insurance," but "....subsequent events have led me to consider the matter may be better left with the provinces; for no sooner had the matter been talked about than the capitalized wheat-growing interests of the West began a drive for crop insurance..... Further, if the farmers are entitled to 'unemployment insurance' when they have no crops, their employees are even more entitled to claim on the insurance fund."

Ontario Brief, Book 1

pp. 8 & 9

Ontario, Hon. Mitchell F. Hepburn for:

"....I am only pointing out why that" (crop insurance) "ought not to be predicated into a scheme of unemployment insurance. We do not believe it would be advisable for crop insurance to operate with it" (unemployment insurance).

Report of Hearings

Toronto, Ont., May 2, 1938

p. 7412-A

Chairman:

"Mr. Hepburn, so far as I am concerned, I can see no relation between crop and unemployment insurance. The two rest upon entirely different bases."

Report of Hearings

Toronto, Ont., May 2, 1938

p. 7412-A

UNEMPLOYMENT INSURANCE

ESTABLISHMENT OF UNEMPLOYMENT INSURANCE

Nova Scotia, Hon. Mr. Macquarrie, for:

Nova Scotia is quite agreeable to the proposal that any Province which desires to establish a scheme of unemployment insurance should be able to do so even although a Dominion scheme of unemployment insurance is pending.

Report of Hearings

Halifax, N. S., February 7, 1938

p. 4191

UNEMPLOYMENT INSURANCE

JURISDICTION OVER UNEMPLOYMENT INSURANCE

British Columbia's Recommendation:

"9. The Dominion should exercise exclusive jurisdiction over Unemployment Insurance, but it is suggested that before any measure is submitted to the Dominion Parliament, the text thereof be submitted to the Provinces in order that they may have opportunity to make such representations as may be deemed advisable."

British Columbia Brief

p. 352

Nova Scotia, Hon. Mr. Macquarrie, for:

"As for insurance, generally there would be no objection from this Province to that being transferred to the Dominion, and the Dominion authority over it being placed beyond any doubt or dispute."

Report of Hearings

Halifax, February 3, 1938

p. 3938

UNEMPLOYMENT INSURANCE

NATIONAL PLAN

Manitoba, Hon. Mr. Garson, for:

A national system for unemployment relief administration would work much better than the present system and it is the only system that is likely to work satisfactorily, because:

1. There is a relatively narrow distribution of the national income amongst the three major exporting industries.



## I N S U R A N C E (Concluded)

### UNEMPLOYMENT INSURANCE (Cont'd)

#### NATIONAL PLAN (Concluded)

2. A portion of Canada is highly industrialized.
3. The establishment of anywhere up to nine separate Provincial unemployment insurance schemes is unthinkable.

Report of Hearings

Winnipeg, Man., December 2, 1937

pp. 441 & 442

### UNEMPLOYMENT INSURANCE

#### RESPONSIBILITY FOR UNEMPLOYMENT INSURANCE

British Columbia, Hon. Mr. Pattullo, for:

British Columbia favours the necessary amendments to the B.N.A. Act enabling the Dominion Government to exercise exclusive jurisdiction over unemployment insurance. However, there are a number of factors involved which the Provinces should be allowed to consider and make representations regarding before any specific regulations establishing a Dominion scheme of unemployment insurance is passed.

Report of Hearings

Victoria, B. C., March 16, 1938

p. 4847

## J U R I S D I C T I O N S

### DOUBTFUL

#### CLARIFICATION URGED

British Columbia's Recommendation:

"26. Jurisdictions now in doubt should be placed beyond question so far as language may be able to attain this end."

British Columbia Brief

p. 354

## L A B O U R

### DISPUTES

#### DOMINION OR PROVINCIAL JURISDICTION IN CONCILIATION AND NEGOTIATION

Commissioner Angus: "Could they get better results by sitting around the table and considering it, if the distribution of power was at all different than it is?"

Hon. Mr. MacBride: "Dealing specifically with the question of industrial disputes may I express this opinion, that both the representatives of the employees and the employers invariably want to meet someone in authority. While the Minister might not be quite as capable as some of his officials,--and I am quite frank enough to say that,--they do want to see the Minister. He has to spend a good deal of this time in meeting delegations, small and large, and paving the way to a result that will finally be brought about by an official under his direction. Therefore, I question very much if we had an industrial dispute in British Columbia whether they could get that personal contact with the official at Ottawa, no matter how capable and sincere he may be,--I think they would want to deal with the Minister in British Columbia, and I think they would want to deal with the Minister in Ontario, and so in the other provinces. That is our experience. We can get into conference with them, both employer and employee, and lay the foundation upon which better relations may be arrived at from then on. Our officials of the Department have been making substantial progress. We have been very fortunate, I may tell you in this province, in recent months and recent years in face of the general disturbed conditions in this country and throughout the world. We have been very fortunate, I think, and I think a good deal of it is good luck. Some people say the Minister is a good conciliator, but I think it is good luck."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7883-84





## LABOUR (Concluded)

### DISPUTES (Concluded)

#### DUPLICATION IN CONCILIATION AND NEGOTIATION

Commissioner Angus: "Under the heading 'conciliation and negotiations' you say there is a great deal of conflict, or overlapping. Is it possible for both the Dominion Department of Labour and the Provincial Department of Labour to be dealing with the same industrial dispute?"

Hon. Mr. MacBride: "No, I do not think it would be possible."  
Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7882-83

### JURISDICTION

#### DUPLICATION OF SERVICES

Hon. Mr. MacBride: "....At the present time, there is no apparent overlapping excepting, perhaps, with respect to the employment services. It is only in a very insignificant way, if I might use the word, 'insignificant'.

.....  
".....At the moment I would say there is no particular duplication between the Federal authorities and ourselves."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7876 & 7881

### MINIMUM WAGE

#### ONTARIO'S OPINION OF UNIFORM MINIMUM WAGE STANDARD

Chairman: "Mr. MacBride, do you think it would be of advantage to have a uniform minimum wage standard throughout Canada?"

Hon. Mr. MacBride: "I think it would be a very distinct advantage, but I question whether it could be made operative unless under some sort of a zone system... It would be ideal, of course, if we could have a minimum wage, and maximum hours, but Canada is a very large country."

The Chairman: "It has been suggested to us in one or two briefs,-- I am not sure but I believe by one or two provinces,--that it would be desirable to have a minimum wage and maximum hours standard of labour throughout Canada, but to permit any province that desires, to establish a higher minimum, or a shorter day."

Hon. Mr. MacBride: "Well, there might be a good deal of merit in it, in some effort of that kind, but I think this: that we have to recognize that we are now dealing with conditions which have been created over a period of seventy years since Confederation, and we cannot apply, no matter how willing we might be to do so, either over the Dominion as a whole or even in the provinces, any sweeping cure-all measure. That is my considered opinion. Every day we are endeavouring to grapple with problems which we know are acute and which we know are serious. We are anxious to deal with them, but we are faced with the complication of conditions which, we realize, the more we study them, have grown up over seventy-one years."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7882

## LANDS

### ALIENATION

#### INVESTIGATION OF ALIENATION OF LANDS

British Columbia, Hon. Mr. Farris, for:

In the case of Manitoba, Alberta and Saskatchewan, there has been an investigation of the possible loss to those Provinces because of the temporary alienation of certain of their crown lands. In the case of British Columbia no such power was given the Martin Commission. This has been a basis of complaint.

Report of Hearings

Victoria, B. C., March 16, 1938

p. 4941





## LANDS (Concluded)

### PUBLIC LANDS

#### TRANSFERENCE OF LANDS TO PROVINCES

##### New Brunswick's Request:

"It is admitted that the geographical position of New Brunswick prevents either an additional grant of territory or a portion of these lands being added to the Province.

"We hope that the Commission, in consideration of the circumstances surrounding this question of public lands, may be able to recommend some action which may have the effect of settling this question definitely."

New Brunswick Brief

p. 54

## LEGISLATION

### BANKRUPTCY

#### DOMINION LEGISLATION OF BANKRUPTCY

##### - Dominion's Position:

Acting Chairman: "Would that not be a matter for federal legislation, the province would not have anything to do with that, would it? Would it not be a matter to be passed upon by the Federal Parliament?"

Mr. Reilley: "That is a question, sir. The administration is under the province, the effect of the procedure of the courts is under the province and the effects which the courts decision shall have is under the province. The Dominion has not presumed to legislate in any way in regard to the effect a decision of the courts shall have anywhere in Canada. The Dominion has the Exchequer Court, of course, which has jurisdiction throughout Canada.

.....  
"...Here, as it is now,--I do not know, myself, what the solution of the problem is. The Dominion might see fit to put a clause in the Bankruptcy Act which would provide that the decision of any court in an estate matter would be binding until a higher court ruled upon the question. However, I do not believe the Dominion would do so as the provinces would be inclined to say it was a gross interference with the rights of the province over civil procedure."

Report of Hearings

Ottawa, Ont., May 31, 1938

pp. 9656-57

### COMPANY LEGISLATION

#### DOMINION AND PROVINCIAL JURISDICTION OVER COMPANY LEGISLATION

Dominion, E. H. Coleman, K.C., Under Secretary of State, for:

Mr. St. Laurent: "....From your experience with the administration of corporate affairs, would you care to express any opinion as to whether or not there is a field for both federal and provincial administration?"

Mr. Coleman: "I am not prepared to take the position that the whole subject of company law should be confided to the Dominion. I think there is a field for local incorporation.....In respect to the securities field, I am also free to say that I think there is a great advantage in having that administered by people who have local knowledge rather than probably by a central board. That is my personal view, Mr. St. Laurent, but I do think a great deal might be done to lessen the inconvenience and expense to companies in respect of licensing and the preparation and filing of returns."

Report of Hearings

Ottawa, Ont., January 26, 1938

p. 3449

### DOMINION ENACTMENT AND PROVINCIAL ADMINISTRATION

##### Dominion's Position:

Mr. Anderson: "I would think, assuming that the subject-matter relates to a matter unquestionably of national interest and importance, it is desirable that the legislation should not only be



LEGISLATION (Cont'd)

DOMINION ENACTMENT AND PROVINCIAL ADMINISTRATION (Concluded)

"enacted by the Dominion Parliament but that from the view point of securing uniformity of administration throughout Canada as well as a more economic and efficient administration, the legislation should also be administered by the Dominion.

"The fact that, under the provisions of the British North America Act, 1867, criminal law and procedure were assigned to the Dominion Parliament on the one hand, and the administration of justice assigned to the provinces on the other hand, does not appear to me to be inconsistent with the foregoing view. Criminal law and procedure were assigned to the Dominion Parliament with a view to obviating the defects inherent in this regard in the Constitution of the United States, where each State has or may have its own criminal law, and divergence rather than uniformity of definitions of crime and matters of procedure are, in consequence the rule in the United States, a state of things which has in more recent years led Congress to add very considerably to the list of federal crimes and to the organization of an elaborate federal police force.

"By contrast, the framers of the British North America Act, by assigning criminal law and procedure to the Dominion Parliament, ensured that there would be only one system of law upon those subjects in force throughout the whole of Canada. On the other hand, since crime is, speaking generally, local in its manifestation, the framers of the British North America Act apparently thought it expedient and convenient to commit to the provincial authorities the responsibility of enforcing the criminal law.

"The philosophy apparently underlying this distribution of powers resides in the fact that the maintenance of law and order, the prevention as well as the punishment of crime (except in the event of an emergency affecting nothing short of the peace, order and good government of Canada as a whole), is in its nature essentially a local matter and a local responsibility."

Report of Hearings

Ottawa, Ont., June 2, 1938

pp. 9907-09

ENFORCEMENT OF LAW

ADVANTAGE OF DOMINION OR PROVINCIAL POLICE FORCE

Ontario's Position:

Chairman: "The other question drawn to our attention in two or three provinces was whether there would not be equality by having a single police force for the Dominion and the provinces? Of course you have to have your municipal police in cities and so on. What is your view on that, Mr. Conant?"

Hon. Mr. Conant: "Well, Mr. Chairman, that of course is a rather large question. I am inclined to think that there are more issues or questions involved in that than economy alone. That is very fundamental and necessary in our whole scheme of peace, order and good government. And as you are aware, Mr. Chairman, the federal police now in this province, at any rate, only deal with the federal enactments, and although there is co-operation to the extent that when the provincial men know of a violation they communicate it to the federal officers, and I imagine there is some information communicated the other way, but while there might be some saving in it, I doubt if it would begin to compensate for the security that is represented by a provincial police force immediately available and necessary, vitally necessary to maintain, as I said, the peace, order and good government of the province.

.....  
".....I would hesitate to express any opinion, any more than that dual control usually is not a satisfactory arrangement."

Commissioner MacKay: "I understand it really is not dual control, that they are really under the complete direction of the provincial attorney-general's department."

Hon. Mr. Conant: "Yes. May I suggest, however, there would be dual control to this extent, that the personnel of the staff would be determined by the federal authorities."

Commissioner MacKay: "Yes."

Hon. Mr. Conant: "And I would doubt, over the years, whether that





## LEGISLATION (Cont'd)

### ENFORCEMENT OF LAW (Cont'd)

#### ADVANTAGE OF DOMINION OR PROVINCIAL POLICE FORCE (Concluded)

"would work satisfactorily, Mr. Commissioner."  
Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7931-32

### ENFORCEMENT OF LAW

#### ENFORCEMENT OF DOMINION LAWS BY PROVINCE

Prince Edward Island, Hon. Mr. Campbell, for:

At present there is a certain amount of confusion and overlapping in regard to the prosecution and enforcement of the criminal law. The Provinces are responsible for the enforcement of the criminal code and the laws of the Dominion. However, certain of the Dominion Government departments, such as the customs and excise, have supplemented Provincial activities by establishing enforcement and prosecuting branches of their own. In the majority of cases this move is promoted by a desire to insure collection of the Dominion revenue. The Province could be trusted in this matter. It is functioning very well as regards enforcement of the criminal code. There should be a single prosecuting authority presumably Provincial.

Report of Hearings

Charlottetown, P. E. I., February 17, 1938

p. 4532

### INSOLVENCY LEGISLATION, PROVINCIAL

#### EFFECT ON DOMINION BANKRUPTCY ADMINISTRATION

##### Dominion's Position:

Mr. Reilly: ".....to the extent that the field of insolvency has not been occupied by Dominion legislation much provincial legislation has been enacted dealing directly with matters of insolvency. The presumption is that once a debtor becomes bankrupt his assets should be realized upon and the administration completed. Provincial legislation, more particularly moratorium legislation of the type of the Debt adjustment Acts of the provinces of Alberta and Saskatchewan prevents this being done. There is therefore a direct conflict of authority created as to whether or not it is within the competence of the provinces to enact legislation which can hinder and delay the operation of the Bankruptcy Act and thereby practically stay indefinitely the administration of estates thereunder. Such insolvency legislation of the provinces interferes quite extensively with the operation of the Bankruptcy Act."

Report of Hearings

Ottawa, Ont., May 31, 1938

p. 9648

### LABOUR LEGISLATION

#### DOMINION JURISDICTION

Manitoba, Hon. Mr. Carson, for:

"If the Dominion is to be enabled to provide an unemployment insurance scheme, would it not follow that the Dominion would have jurisdiction over these other social conditions, such as hours of work, minimum wages, and so on?"

Such additional control would not be absolutely necessary but it would greatly simplify the unemployment relief situation.

Report of Hearings

Winnipeg, Man., December 2, 1937

pp. 461 & 462

##### Prince Edward Island's case:

Prince Edward Island is prepared to concur in a recommendation for the transfer to the Dominion of jurisdiction over labour legislation, upon the understanding that adequate safeguards will be determined for local conditions, and notwithstanding such legislation will be probably a financial loss for the taxpayers of Prince Edward Island.

Prince Edward Island Brief

p. 46



LEGISLATION (Cont'd)

LABOUR LEGISLATION (Cont'd)

DOMINION JURISDICTION (Concluded)

Prince Edward Island, Hon. Mr. Campbell, for:

Prince Edward Island concurs in the recommendation of the other Provinces that the Dominion be given jurisdiction over such matters as hours of work, weekly rest, and general labour conditions.

Report of Hearings

Charlottetown, P.E.I., February 11, 1938

pp. 4518-19

LABOUR LEGISLATION

DOMINION JURISDICTION

British Columbia, Hon. Mr. Pattullo, for:

The Dominion should have general power to regulate wages and hours subject however to the right of any Province to reduce the hours and increase the minimum wage.

Report of Hearings

Victoria, B. C., March 16, 1938

p. 4849

LABOUR LEGISLATION

DOMINION-PROVINCIAL JURISDICTION

British Columbia's Recommendation:

"10. Authority should be granted to the Dominion to enact legislation to regulate wages, hours of work and conditions of labour, but, in the absence of Dominion legislation, nothing should limit the present authority of the Provinces, nor with the enactment of Dominion legislation, the authority of the Provinces to enact legislation to regulate wages at higher standards and hours of work on shorter basis as well as supplementary measures concerning conditions of labour."

British Columbia Brief

p. 352

MARKETING LEGISLATION

DESIRABILITY OF DOMINION POWER TO LEGISLATE MARKETING OF GRAIN

Dominion, Dr. MacGibbon, Department of Trade and Commerce, for:

Commissioner Angus: "Do you think if the Dominion had full power to legislate on marketing that that would cover all your difficulties?"

Dr. MacGibbon: "Anything that has come within the range of my experience I think it would. I would not go beyond that."

Chairman: "It would help an existing situation."

Dr. MacGibbon: "Undoubtedly it would, I think, but that is the only point we have really encountered difficulty to date on."

Report of Hearings

Ottawa, Ont., February 16, 1938

pp. 4734-35

MARKETING LEGISLATION

NECESSITY OF ACT COMPELLING LICENSING OF GRAIN BUYERS

Dominion, Dr. MacGibbon, Department of Trade and Commerce, for:

Chairman: "And at present the only practical difficulty that you have experienced is in the case of unlicensed buyers purchasing from farmers and not paying, and you cannot give the farmers any assistance."

Dr. MacGibbon: "Purchasing on sample."

Chairman: "Purchasing on sample and not paying?"

Dr. MacGibbon: "Yes."

Commissioner Dafoe: "And afterwards the grain is sent in and they put it through the elevators in the ordinary way?"





LEGISLATION (Cont'd)

MARKETING LEGISLATION (Cont'd)

NECESSITY OF ACT COMPELLING LICENSING OF GRAIN BUYERS (Concluded)

Dr. MacGibbon: "They may, or they may ship it over the platform and handle it through an agent and when the agent remits the money to them they may convert it, you see."

Commissioner Dafoe: "But ultimately that grain gets into the grading system unless it is sold locally, I suppose?"

Dr. MacGibbon: "Yes, ultimately, the next step is it may get into the hands of an agent of the unlicensed agent."

Chairman: "Have you any suggestion as to how this particular difficulty could be met, other than by a larger measure of control over the grain trade?"

Dr. MacGibbon: "Well, it goes so directly to the question of the provincial--"

Chairman: "I do not myself at present see how you could control it unless you could enact that no one should be permitted to purchase grain who had not taken out a licence."

Dr. MacGibbon: "It would go to that."

Report of Hearings

Ottawa, Ont., February 16, 1938

pp. 4735-36

MARKETING LEGISLATION

NECESSITY OF ENACTMENT OF LEGISLATION,

British Columbia, Hon. Mr. MacDonald, for:

As regards marketing legislation, if the Dominion does not acquire the jurisdiction and will not enact suitable regulations, British Columbia should be placed in a position where it can enact marketing legislation.

Report of Hearings

Victoria, B. C., March 16, 1938

p. 4864

MARKETING LEGISLATION

RELATION BETWEEN DOMINION AND PROVINCIAL MARKETING LEGISLATION

Dominion, Dean Shaw, Director of Marketing Service, Department of Agriculture, for:

Mr. Stewart: "Would it be satisfactory in your opinion if the authority to legislate were concurrent, on terms, however, that until the Dominion did legislate the provincial legislation would stand, but when the Dominion legislated then its legislation would override inconsistent provincial legislation?"

Dean Shaw: "I am not sure whether I could answer that it would be satisfactory. That plan would appear to have some considerable merit."

Mr. Stewart: "For instance, in milk for city and town use that would be left, in the first instance, at any rate, to local regulation?"

Dean Shaw: "That is distinctly municipal, I think."

Mr. Stewart: "And there might be other things that fall within that classification?"

Dean Shaw: "Yes."

Mr. Stewart: "But there might come a time when the Dominion would feel it had to be regulated by a national policy?"

Dean Shaw: "Yes."

Mr. Stewart: "And then would be time enough for the Dominion to direct the policy."

Report of Hearings

Ottawa, Ont., February 16, 1938

pp. 4813-14





## LEGISLATION (Cont'd)

### MARKETING AND GRADING

#### CO-ORDINATION OF DOMINION AND PROVINCIAL LEGISLATION

Commissioner Angus: "Do you think it would be satisfactory if the marketing and grading, like agriculture, were subjects of concurrent jurisdiction, concurrent Dominion and provincial jurisdiction?"

Hon. Mr. Dewan: "I am not sure, Professor Angus, that I see your point."

Commissioner Angus: "If both the Dominion and the province could legislate with the Dominion legislation prevailing in the case of conflict, would that be satisfactory in the case of marketing and grading."

Hon. Mr. Dewan: "Making a personal answer, I would say yes. I wish we had a little more authority in one connection, but I prefer not to go into that at the present time."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7876

### MINIMUM WAGE LEGISLATION

#### DOMINION-PROVINCIAL JURISDICTION

British Columbia, Commissioner Angus, for:

If the Dominion were handling unemployment it would go almost without saying that it would have some rights in the matter of controlling hours of work and minimum wage legislation by the Province.

Report of Hearings

Victoria, B. C., March 18, 1938

p. 5127

### POWERS, LEGISLATIVE

#### ALLOCATION BETWEEN DOMINION OR PROVINCES

Manitoba's Case:

There must be "reallocation of legislative power between the Dominion and the Provinces."

Manitoba Brief, Part 2

p. 42

### REVENUE LEGISLATION

#### JURISDICTION AND PROSECUTION OF OFFENCES BY DOMINION

Dominion's Position:

Mr. Anderson: "...In the more important cases counsel acting on behalf of the Dominion gives considerable time, before the institution of proceedings as well as after, to the study of the facts in detail and works in close co-operation with the Customs or Excise officers, and as a result has a more thorough understanding of the case than would the local Crown Attorney who would not, in the ordinary course, have the same time available to devote to the particular case. Further, the local Crown Attorney, not acting on behalf of the Dominion, would not be subject to instructions from the Dominion.

"These laws are revenue laws affecting only the Dominion and the Dominion is the one particularly interested in the enforcement thereof and it is essential that it should have full control of all cases arising thereunder.

"In the matter of a claim under section 1036 of the Criminal Code to certain fines--Attorney General of Nova Scotia v Attorney General of Canada (1937) S.C.R. 403 at 412--the following statement appears:

"As stated by Chief Justice Chisholm in his reasons for judgment in the present case: It has always been the practice to permit counsel for the Government of Canada to act in revenue cases, nominally under the Attorney-General of the Province. The Attorney-General has the nominal, the counsel for the Government of Canada has the virtual conduct of such prosecutions. In no other way can the revenues of Canada be adequately or at all protected unless the Dominion is represented and given the conduct of the case.' Then the court goes on:



LEGISLATION (Cont'd)

REVENUE LEGISLATION (Cont'd)

JURISDICTION AND PROSECUTION OF OFFENCES BY DOMINION (Concluded)

"We have no doubt that this statement of the learned Chief Justice, concurred in by the other judges of the court, rightly represents the situation."

"I think this observation of Chief Justice Chisholm's, approved of by the Supreme Court, answers in an effective way the criticism of the Dominion for the present practice."

Acting Chairman: "Mr. Stewart, would that answer the question raised in Nova Scotia and Prince Edward Island?"

Mr. Stewart: "Yes, Mr. Chairman."

Report of Hearings

Ottawa, Ont., June 2, 1938

pp. 9906-07

REVENUE LEGISLATION

JURISDICTION OVER ENFORCEMENT OF DOMINION REVENUE LAWS

Ontario's Submission:

Chairman: "....Is there any reason in particular why the provinces should not administer the federal revenue laws, just the same as they administer any other laws?"

Hon. Mr. Conant: "Well, Mr. Chairman, the chief difficulty that would arise, and I speak more from actual experience in the field than I do as head of a department now, would be in the compensation I imagine. Our law enforcement, of course, is undertaken by local crown attorneys and we have a fairly uniform system and standard methods of arriving at compensation. But if the federal enactment or the federal legislation were put under the same jurisdiction, it could, of course, I submit, be dealt with even more effectively than it is under the present system. The only difficulty that would arise would be the question of how to take care of the expense involved, but subject to that the Crown officials throughout the province could very well administer and prosecute infringements of the federal laws."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7929-30

SOCIAL SERVICES LEGISLATION

JURISDICTION, DOMINION OR PROVINCIAL

"Already we have industrial codes in this province. The industrial diversity of Canada, with the diversity of living conditions, does not require amplification. I mention the matter to suggest that when 'codes' are required it may be they are better arranged by 'Compact' between the provinces than by federal legislation. As you know across the southern boundary an attempt at social legislation has been made by 'Compacts' between the states and, with only partial success, by reason of the number of states.

"Canada does not have to face that difficulty. We have but nine provinces. Already Ontario has had helpful conferences over proposed social enactment with Quebec; and Ontario is ready to co-operate with all the provinces, whenever it is found desirable to equalize social conditions.

"At first sight it may appear a paradox that uniformity of social legislation should not bring about uniformity of consequences; but, on second thought, it is plainly so with nations; and it may be so with provinces. 'Compact' is designed to contribute to social security for of course enactments arrived at, after conference, should not be abrogated, or even amended, without further conference. One needs but think of the changes in the tariff schedule, since 1930, to observe the Federal Government's contribution to social insecurity."

Ontario Brief, Book 1

pp. 9 & 10





LEGISLATION (Concluded)

SOCIAL SERVICES LEGISLATION, POWER OF PASSING

B. N. A. ACT, AMENDMENT TO

Manitoba, Hon. Mr. Major, for:

Manitoba favours, to a very great extent, amendment of the Constitution so as to give the Dominion the power to enact legislation covering unemployment relief, weekly rest, minimum wages, hours of labour, and other great social services.

There may be other questions over which the Dominion Government should be given jurisdiction, but these can be determined only by a conference that might have to be held later on for that purpose.

Report of Hearings

Winnipeg, Man., November 29, 1937

pp. 69 & 70

LEGISLATION & REGULATIONS, FRAUD

COMPANY AND SECURITIES FRAUD LEGISLATION AND REGULATION

JURISDICTION AND UNIFORMITY

British Columbia, Hon. Mr. Pattullo, for:

It would be to advantage if there were greater uniformity throughout Canada in connection with companies' and securities' fraud legislation and regulations. However, the present Provincial jurisdiction in these two matters should be maintained.

Report of Hearings

Victoria, B. C., March 23, 1938

p. 5540

LOAN COUNCIL

NEED FOR LOAN COUNCIL

Nova Scotia, Hon. Mr. Macdonald, for:

Nova Scotia is willing to be one of the parties to a loan council if that is felt to be in the general interest. However, so far as Nova Scotia is concerned, there is little need for such a loan council. We have never had any serious difficulty here in obtaining loans at low rates and thus do not think that we have much to benefit from such a proposal, although we would not object to co-operating in such a scheme.

Report of Hearings

Halifax, N. S., February 8, 1938

p. 4211

LOAN COUNCIL, AUSTRALIAN

COMMISSION, INVESTIGATION BY

Chairman:

The loan council idea as now existent in Australia has been recommended to us in a number of representations as the model to be followed here in Canada. We will investigate its constitution and methods with care.

Report of Hearings

Charlottetown, P. E. I., February 10, 1938

p. 4406

LOANS

DOMINION LOANS

BURDEN OF DOMINION LOANS TO PROVINCES

Ontario's Claim:

"A considerable part, if not all, of the above loans will probably be written off by the Dominion, and will constitute an addition to the Dominion debt, to be borne eventually in proportion to the distribution of the Dominion tax burden; that is, approximately 45% to Ontario."

Ontario Brief, Book 2

p. 21



LOANS (Concluded)

LAND PURCHASE LOAN, DOMINION

CANCELLATION URGED

Prince Edward Island's Case:

We urge that the loan by the Dominion to this Province for the purpose of purchasing land, originally owned by lease-holders, be cancelled. The amount of this loan is at present \$782,402. The result of the original transaction was merely to raise this Province to the level of a landless Province.  
Prince Edward Island Brief

pp. 53 & 54

MARKETING

AGRICULTURAL PRODUCTS

ADVISABILITY OF DOMINION JURISDICTION OVER MARKETING  
LEGISLATION

Dominion, Dean Shaw, Director of Marketing Service, Department  
of Agriculture, for:

Mr. Stewart: "...You said generally speaking the difficulties would be solved if the Dominion were given control of marketing. Was there any suggestion or hesitation in your mind about that, that there might be some difficulties left still?"

Dean Shaw: "With regard to the grading and the regulation policies in regard to commodities, the actual marketing may vary somewhat; but the control of the product in establishing grades and making them uniform and standard throughout Canada, it is essential that they are one responsibility."

Mr. Stewart: "Of course I had grading and standardization as the principal feature of marketing--one of the principal features of marketing?"

Dean Shaw: "Well, I agree that they would be much better, yes."

Report of Hearings

Ottawa, Ont., February 16, 1938

p. 4814

AGRICULTURAL PRODUCTS

DIFFICULTIES OF DOMINION MARKETING SERVICE IN ESTABLISHING  
ENFORCEABLE CONTROL MEASURES

Dominion, Dr. Barton, Deputy Minister of Agriculture, for:

Dr. Barton: "In respect to one of the most important spheres of administration, however, the Dominion Department is at present placed in an anomalous position, and is unable to discharge, effectively, responsibilities widely conceded to be logically within its field. Serious difficulties of a constitutional nature have been encountered by its Marketing Service in attempting to establish enforceable control measures, more particularly inspection and grading regulations. ...

.....

"...The Department has endeavoured to exercise such control without interfering with that exercised by municipalities in respect to healthfulness of foodstuffs offered for local sale--a field of provincial responsibility which it has no desire to invade. Its right to exercise that control which is so desirable and so important has, however, repeatedly been successfully challenged in the courts. That a number of Dominion-wide grading and control services have been maintained over a period of years has been due mainly to the care taken to avoid the necessity of court action. It is scarcely necessary to point out that administration on such a basis does not make possible aggressive promotion of constructive marketing programmes.

.....

"....I understand that the Commission has arranged to secure, through other channels, information bearing on this administrative problem, which from the standpoint of the Department is the one in most pressing need of solution."

Report of Hearings

Ottawa, Ont., February 16, 1938

pp. 4756-58





MARKETING (Cont'd)

AGRICULTURAL PRODUCTS (Cont'd)

DIFFICULTY OF APPLYING REGULATIONS TO FOREIGN INTER-PROVINCIAL  
AND INTRA-PROVINCIAL TRADE (Concluded)

Dominion, Dean Shaw, Director of Marketing Service, Department  
of Agriculture, for:

Mr. Stewart: "The principal difficulty, as I understand it, that runs throughout the whole of this service is the constitutional difficulty of making your regulations applicable not only to inter-provincial and export trade but also to intra-provincial trade. Am I correct in that?"

Dean Shaw: "Correct."

Report of Hearings

Ottawa, Ont., February 16, 1938

p. 4803

AGRICULTURAL PRODUCTS

NECESSITY OF DOMINION JURISDICTION OVER MARKETING, WITH LOCAL  
PROVINCIAL AND MUNICIPAL CONTROL

Dominion, Dr. Barton, Deputy Minister of Agriculture, for:

Chairman: "There is one other question which is a rather important one and has reference to grading and marketing. If the Dominion were given jurisdiction over marketing as was suggested to us by the government of Nova Scotia, would that, do you think, meet the situation which you have in mind?"

Dr. Barton: "Yes, that is really what we think is necessary, although we recognize that there are certain aspects of marketing, which perhaps belong to the province and which we are not anxious to assume. This would apply to more localized matters."

Chairman: "Would you draw a definition between general marketing and such municipal regulations as might relate to the quality of meat or milk or some other marketable product which would naturally remain in the municipal or provincial field?"

Dr. Barton: "Yes, that is correct."

Report of Hearings

Ottawa, Ont., February 16, 1938

p. 4782

DUPLICATION OF SERVICES

BRITISH COLUMBIA BUREAU OF TRADE EXTENSION A DUPLICATION  
OF DOMINION SERVICE

Dominion, J. G. Parmelee, Deputy Minister of Trade and  
Commerce, for:

Chairman: "Pardon me, Mr. Stewart; before you pass on, I notice on page thirteen of the memorandum submitted by the Department of Trade and Commerce, which is exhibit number 166, there is an item concerning legislation passed by the province of British Columbia. This statute established a department of trade and industry, and you suggest the Act contemplates the establishment of a Bureau of Trade extension, the duties of which are set out in section seventeen. This would appear to be exactly what the Dominion trade representatives are doing."

Major Parmelee: "Yes, it is practically the same work as that done by the Dominion trade agents."

Chairman: "Has British Columbia established such a bureau in fact?"

Major Parmelee: "Yes, it has set up an organization for that purpose."

Chairman: "This would appear to be a clear duplication because the objects of the statute are certainly the same as the primary functions of your department."

Major Parmelee: "Yes, that is correct."

Report of Hearings

Ottawa, Ont., February 16, 1938

pp. 4718-19





MARKETING (Cont'd)

DUPLICATION OF SERVICES (Cont'd)

DANGER IN ESTABLISHMENT OF PROVINCIAL DEPARTMENTS FOR  
PROMOTION OF TRADE

Dominion, Mr. Wilgress, Director of Commercial Intelligence  
Service, for:

Mr. Stewart: "The real danger of overlapping lies, I should think, in the establishment of these trade and industry branches in the provinces?"

Mr. Wilgress: "Exactly, if these trade and industry branches established a representative abroad, I think there would be considerable overlapping and duplication of services. We feel that it would be an exact duplication of the functions performed by our commercial intelligence department."

Report of Hearings

Ottawa, Ont., February 16, 1938

pp. 4724-A & B

DUPLICATION OF SERVICES

EXTENT OF DUPLICATION

Dominion, Mr. Wilgress, Director of Commercial Intelligence  
Service, for:

Mr. Wilgress: "In answer to your question" (the Chairman's questions as to reason for both Dominion and Provincial efforts in the field of trade promotion) "I do not think the duplication which has taken place to date, has been of a serious nature. There are certainly elements in the situation which might give rise to serious duplication between the Dominion and the provinces in respect of trade promotion."

Chairman: "Certainly, if there is one thing which the Dominion Department of Trade and Commerce would naturally be considered competent to handle, it would be that of export trade. At present, I do not see any necessity for duplication."

Report of Hearings

Ottawa, Ont., February 16, 1938

pp. 4721-22

DUPLICATION OF SERVICES

IN WORK OF QUEBEC SERVICE

Dominion, Mr. Wilgress, Director of Commercial Intelligence  
Service, for:

Mr. Stewart: "The Quebec Department of Municipal Affairs and Trade and Commerce includes a commercial and industrial intelligence service; does this service duplicate the efforts of the commercial intelligence service of the Dominion Department of Trade and Commerce?"

Mr. Wilgress: "No, at the present time, they work in close co-operation with the Dominion department."

Report of Hearings

Ottawa, Ont., February 16, 1938

p. 4724-B

DUPLICATION OF SERVICES

PART OF DOMINION AND PROVINCES IN TRADE DEVELOPMENT

Dominion, Mr. Wilgress, Director of Commercial Intelligence  
Service, for:

Mr. Stewart: "Have you any suggestion to offer, Mr. Wilgress, as to the drawing of any line of demarkation between the provincial and Dominion services?"

Mr. Wilgress: "I should say, wherever it was a case of general trade promotional activities, it should be left to the Dominion government. However, I see no reason, at present, for altering from the practice which has prevailed in the past of provincial governments subsidizing trade associations to have representation abroad."

Report of Hearings

Ottawa, Ont., February 16, 1938

p. 4724-C



## MARKETING (Concluded)

### JURISDICTION

Nova Scotia, Hon. Mr. Macquarrie, for:

As regards proposed amendment No. 4, "it is essential that complete jurisdiction over marketing go either to the Dominion or the Provinces, and it is submitted....that it should go to the Dominion."

(A number of detailed reasons given immediately afterwards.)

However, the work carried on by the Provincial Departments of Agriculture and Marketing along the lines of education, instruction and assistance relating to production and marketing, including grading, is deemed to be a service that should be continued by the Province, and it is not intended that this authority should be alienated.

Report of Hearings

Halifax, N. S., February 3, 1938

pp. 3887-88

Nova Scotia, Hon. Mr. Macquarrie, for:

In regard to marketing control, we do not propose that the Province should give up its authority to deal with such matters that are purely local or Provincial in their character, but merely that we are willing to transfer to the Dominion the necessary authority for carrying out the national marketing plan as suggested.

Report of Hearings

Halifax, February 7, 1938

p. 4186

### JURISDICTION

#### DUPLICATION OF SERVICES

Commissioner MacKay: "Is it a practical division of authority?" (Dominion jurisdiction over export, and Provincial jurisdiction over provincial, marketing.)

Hon. Mr. Dewan: "My personal opinion would be, yes, for export, that would rest with the Dominion."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7875

### JURISDICTION, DOMINION

British Columbia's Recommendation:

"22. It is suggested that the inspection of fruits, vegetables, honey, and bulbs for both domestic and export sale should be entirely under Federal jurisdiction."

British Columbia Brief

p. 353

### JURISDICTION OVER INTER-PROVINCIAL TRADE

British Columbia's Recommendation:

"24. In order effectively to control the marketing of commodities produced within their respective boundaries, the Provinces should be given complete control of the packing, storing, and transporting within their boundaries of commodities intended for Interprovincial trade."

British Columbia Brief

p. 353-54

## MARKETS

### BACON MARKET

#### RETENTION OF BRITISH MARKET

New Brunswick's Submission:

"The agreement" (Ottawa Agreements of 1934) "referred to respecting the export of bacon expires in 1939. Our hog production program has met with a favourable response. We hope that the British market for Canadian bacon will be retained and with this end in view would request an adjustment in freight rates along the lines indicated, so that this industry might be maintained."

New Brunswick Brief

p. 73





MARKETS (Cont'd)

BRITISH COLUMBIA'S MARKET

British Columbia, Hon. Mr. Farris, for:

Our natural market is the market of the world. We do not get the Prairie market because of the tariff, we got it because of the production of grain there, which likewise is sold in world markets.

Report of Hearings

Victoria, B. C., March 17, 1938

p. 5049

HERRING, NEW BRUNSWICK'S

DEVELOPMENT BY DOMINION OR PROVINCE

New Brunswick's Position:

Mr. Stewart: "Returning again to the Grand Manan herring scheme, do you think that from a practical working point of view marketing can be better handled by the province or the Dominion?"

Mr. King: "If you take that in sections,--by that I mean there are two very definite functions in marketing; the organizing of the producers, then the actual machinery, or the distribution. The province in connection with their educational and production policies, which are very closely allied to marketing policies, possibly would be in a better position to handle that part of the field. But in view of the federal government having international contacts, they could render great assistance in supplementing that field or providing the information that is necessary for efficient marketing."

Mr. Stewart: "I suppose if the matter were left entirely to the province it would be very difficult to regulate any conditions where there was competing production in two or more provinces?"

Mr. King: "That is a difficult matter."

Mr. Stewart: "Your herring industry at Grand Manan does not compete with any other Canadian industry?"

Mr. King: "No similar products."

Mr. Stewart: "That is one of the reasons for the success of provincial enterprise. But, in the broad view you think the distribution can best be handled by Dominion legislation?"

Mr. King: "In regard to Grade standards, developing especially foreign markets."

Report of Hearings

Fredericton, N. B., May 20, 1938

p. 8786

POTATO MARKET

IMPORTANCE OF DOMINION HELP IN OPENING MARKETS

New Brunswick's Recommendation:

"New Brunswick has also, at certain periods, sent its representatives overseas in order that a market may be found for our potatoes and other agricultural products, but there was very little encouragement on that behalf afforded by the Dominion. It is felt that had the Dominion lent its efforts in this connection a market might have been found abroad for some of our farming commodities. Many of our farming people hold the opinion that the Dominion Department of Agriculture and the Department of Trade and Commerce have not made the most of their opportunities in connection with the establishment of markets outside of Canada and have not regarded suggestions made from time to time by the Province looking to this development.

"It is hoped that this Commission may be able to recommend that the Dominion Government participate to a greater extent in the expense of exploring the opening up and maintaining of a market for our potatoes in South America and elsewhere."

New Brunswick Brief

p. 72



MARKETS (Concluded)

TRADE COMMISSIONERS, NEW BRUNSWICK'S

DUPLICATION OF SERVICES

New Brunswick's Position:

Mr. Stewart: "At one of the sessions of the commission in Ottawa the attention of the Commission was called to the fact that New Brunswick had undertaken the appointment of representatives to further the sale of New Brunswick products in foreign countries, and the suggestion was made that that might involve duplication of effort of the Department of Trade and Commerce; not that it had but that it might lead to duplication of efforts. I would like to get your views on that, Mr. King?"

Mr. King: "Previous to the province of New Brunswick taking action in regard to the developing of markets for potatoes in South American countries for approximately eighteen months we petitioned the Federal Government to take the action that we in the end were forced to take on our own behalf. We felt that it was a federal responsibility inasmuch as the results would not entirely effect any one province but would be of benefit to all five eastern provinces; therefore, it was not the sole responsibility of any individual province to go to that expense.  
.....

"...I would also like to mention that previous to our taking action in developing these markets that a representative of the Minister of Agriculture for New Brunswick and representatives from the five eastern provinces met at Toronto and discussed the question of developing additional markets, at which time a unanimous resolution was passed, requesting the Dominion Government to take the necessary steps. That was pressed at Ottawa and they were either not in a position or did not consider the matter of sufficient importance to take the action we desired."

Report of Hearings

Fredericton, N. B., May 20, 1938

pp. 8784-85

WORLD MARKETS, DEPENDENCE ON

Nova Scotia, Mr. Fielding, for:

Although at present relief is no longer a problem in Nova Scotia, only 6,400 persons being assisted in the Province during November, 1937, the Province depends on the export trade for the sale of many of its products, and an adverse trend in world markets would soon react unfavourably on the employment situation in Nova Scotia.

Report of Hearings

Halifax, N. S., February 8, 1938

p. 4256

MARRIAGE

AFFORD MARRIAGE, ABILITY TO

ADVANTAGE OF HIGH INCOME

Saskatchewan, Hon. Mr. Davis, for:

Those in high income brackets can afford to get married "and perhaps could support more than one wife....."

Report of Hearings

Regina, Sask., December 13, 1937

p. 1579

MINES AND RESOURCES, DOMINION

DEPARTMENT OF

LANDS, PARKS, AND FOREST BRANCH

DUPLICATION OF SERVICES

Dominion's Position:

Mr. Stewart: "Do you think there is any overlapping resulting from the activities of your branch, or duplication of effort?"

Mr. Gibson: "Well, as far as the Bureau of Northwest Territories and Yukon Affairs and Federal Land Registry, are concerned,





MINES AND RESOURCES, DOMINION

DEPARTMENT OF (Concluded)

LANDS, PARKS AND FOREST BRANCH (Concluded)

DUPLICATION OF SERVICES (Concluded)

there is no question of overlapping with provincial services."

Report of Hearings  
Ottawa, Ont., May 30, 1938

p. 9635

MINING

ADMINISTRATION

DUPLICATION OF SERVICES

Mr. Rickaby: ".... While the work of the Departments overlap there has been no duplication."

Report of Hearings  
Toronto, Ont., May 6, 1938

p. 7886

ADMINISTRATION

POSSIBILITY OF DUPLICATION IN LABORATORY TESTING WORK

Mr. St. Laurent: ".... Would that" (testing laboratory at Ottawa) "involve much expenditure for plant and equipment?"

Mr. Rickaby: "I could not answer that. I do not see why it could not be done without any great expenditure on new plant and equipment."

Mr. St. Laurent: "You think the plant and equipment that you already have may be sufficient for the purpose?"

Mr. Rickaby: "No, our present plant and equipment that we own would not be sufficient."

Mr. St. Laurent: "Well then, is there a substantial volume of plant and equipment connected with the Ottawa Department?"

Mr. Rickaby: "Yes, there is a very large plant."

Mr. St. Laurent: "Would that have to be duplicated to do the work that those laboratories are doing?"

Mr. Rickaby: "I do not think it would necessarily have to be duplicated."

Report of Hearings  
Toronto, Ont., May 6, 1938

p. 7888

JURISDICTION

ADVISABILITY OF PROVINCIAL JURISDICTION

Commissioner MacKay: "Do you think, on the whole, that there is no great need now for the type of work that the survey at Ottawa is doing? Do you say you could do it yourselves?"

Mr. Rickaby: "There is need for that type of work, but we could do it ourselves."

Commissioner MacKay: "At much increase in cost?"

Mr. Rickaby: "No."

.....  
Commissioner MacKay: "Could you do that work?" (laboratory testing work)

Mr. Rickaby: "I think we could, sir."

Report of Hearings  
Toronto, Ont., May 6, 1938

pp. 7887-88





## MINING (Concluded)

### JURISDICTION (Concluded)

#### ADVISABILITY OF A SINGLE JURISDICTION

Chairman: "Is there any reason why one government should not do the whole of that work?"

Mr. Rickaby: "There is no reason, Sir."

Commissioner MacKay: "Would it be more efficiently done if done by one government? That is to say, would there be less waste effort; would it be at less cost in the total?"

Mr. Rickaby: "I think possibly it would, Sir."

Report of Hearings  
Toronto, Ont., May 6, 1938

p. 7886

### LABORATORY TESTING AND INVESTIGATION

#### DUPLICATION OF SERVICES

##### Dominion's Position:

Mr. Stewart: "There are one or two other points that came out. On pages 6 and 7 you refer to the modernly equipped ore dressing and metallurgical laboratories which are maintained for the test and investigative work on all classes of metallic ore and minerals, and on metallic mineral products, and so on. Is there any duplication by the provinces in maintaining such equipment?"

Dr. Camsell: "No. The only organization other than our organization at Ottawa, carrying on technical investigation of that kind, the Ontario Government established a plant in Cobalt, testing laboratories. They accepted shipments of ore and recovered the metal from them. These laboratories that we have here for ore dressing are designed for the purpose of working out processes of recovery. That is primarily their object."

Mr. Stewart: "More for investigation and research?"

Dr. Camsell: "Yes, recovery of metals from the ores."

Mr. Stewart: "The various provincial governments carry out a certain amount of assay work, do they not?"

Dr. Camsell: "Yes, they do. Well, we do not go into that field except to this extent that perhaps samples are sent into us for assay, and we can perform that sort of work at considerably lower than the charge made for commercial assays."

Report of Hearings  
Ottawa, Ont., May 30, 1938

pp. 9632-33

## MONEY POLICY

### ADJUSTMENT OF MONETARY POLICY

#### JUSTIFICATION FOR ADJUSTMENT

Ontario claims Manitoba should not expect Dominion to change fiscal policy for the sake of the Prairie wheat farmers, when Manitoba herself admits the extremely speculative nature of the wheat trade. Quotes Mr. A. Cairns at the fourth conference of Agricultural Economists (St. Andrews, Scotland, 1936) to endorse his statement that "It appears we must speculate about the future of wheat in International trade."

Ontario Brief, Book 1

p. 18

### CLAIMS, MANITOBA'S

#### CORRECTNESS OF DEDUCTIONS

Ontario, Hon. Mitchell F. Hepburn for:

"Although I never acquired a reputation as a monetary economist, it was plain that, if the Minnesota professor was right in his theory, he was wrong in his deductions; particularly wrong as to the benefits that would have accrued to the 290,000 farmers of the Prairies. And then I found that you, sir" (the Chairman) "and other Commissioners.....had apparently come to about the same conclusion."

Ontario Brief, Book 1

p. 12



MONETARY POLICY (Cont'd)

CLAIMS, MANITOBA'S (Concluded)

WHEAT PRICES

Ontario's Position:

"Manitoba has submitted a claim on behalf of the wheat growers of the three Prairie Provinces for \$281,000,000 for the years 1931-36, or \$47,000,000 a year, for loss of income due to the failure of the Dominion Government to devalue Canadian currency at least to the level of the Australian pound.

"It should be noted in the first place, that this is a gross amount. No deduction whatever has been made for increased costs of imports, or for the rise in internal prices, or for the increased cost of servicing foreign loans."

Ontario Brief, Book 2

p. 84

DEPRESSION, EFFECT DURING

British Columbia, Dr. Carrothers, for:

During the Depression period the Dominion tariff policy was a monetary policy in essence.

Report of Hearings

Victoria, B. C., March 18, 1938

p. 5190

DEVALUATION, CURRENCY

EFFECT OF CURRENCY DEVALUATION ON CANADIAN PRICE LEVEL

Commissioner MacKay: "Is there good ground for believing, Prof. Taylor, that the Canadian price level would have behaved similarly to the Australian price level under those conditions, the other factors being nearly equal?"

Prof. Taylor: "Yes, I would think so.

.....  
"My point is not to show that the amount involved, when you take into account the inevitable rise in price that would come through devaluation of currency, is of a very large magnitude, although it works out to \$222,000,000 in this table, over six years."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7808-09

DEVALUATION, CURRENCY

EFFECT OF SUCH A DOMINION POLICY

Ontario, Hon. Mitchell F. Heppburn, for:

"The Commission brought out on examination the difference in the financial and trade relations of Canada and Australia; and brought out the increased burden that would have resulted in Canadian debt-charges with the United States. The brightest page in the relations of the Provinces will never be the one in which the Premier of Manitoba argued:

"If the argument that the necessity of keeping Canada able to pay foreign debt, at not too great a cost, is sound--which we do not admit--the position is that Western Canada lost more in the exports than it gained in paying foreign debts, and therefore, suffered a substantial net loss through the exchange policy of Eastern Canada."

"To argue, in effect: since the West borrowed largely from the East, and the East borrowed largely abroad, the West was entitled to devaluation which would have left the East holding the bag, does not make for Canadian unity.

.....  
".....the West would not have been left in possession of the gains it seems to imagine it would have had from devaluation; on some counts, the West would have been penalized more than the East. For example, among the country's foreign debts is one on railway account of \$800,000,000. The increase in debt charges would have been reflected in the rail rates of wheat to seaboard. The wheat-growers would have benefited little by the exploitation of labour (usually a source of profit from exchange-dumping) because the wheat farms of the Canadian West are almost exclusively 'family farms'; their wage bills are relatively negligible."

Devaluation of Currency would have retarded imports, as Manitoba herself claimed, while ironically enough claiming compensation for





## MONETARY POLICY (Cont'd)

### DEVALUATION, CURRENCY (Cont'd)

#### EFFECT OF SUCH A DOMINION POLICY (Concluded)

this retardation of imports. Hon. Mitchell F. Hepburn claims Manitoba is illogical in presenting such a claim because "on a previous occasion one of the professors" (the American professors retained by Manitoba to prepare her brief) "describes the use of currency devaluation to retard imports as something 'like using a sledge-hammer to kill a fly.'"

Hon. Mitchell F. Hepburn argues that the price of wheat was the real basis of the Prairies' disabilities. "I take it the deciding factor would have been the price of wheat." Claims "It is admitted the domestic costs of the wheat-growers would have been increased under devaluation; .... From your examination I gather the impression, Mr. Chairman, that you thought the growers of the Prairies would have had some net gain.....May I indicate, very briefly, the ground on which I have come to the conclusion that the Western wheat-growers would have lost rather than gained from devaluation in 1931?"

Quotes table showing that the world wheat stocks were inordinately heavy in 1931, and asks: "Now does it not follow, because the objective of currency valuation is stimulation of exports, devaluation would also have stimulated production?" Claims: "Such was the experience of Australia.....If Canada had followed Australia in the ratio of production, as in the ratio of devaluation, I suggest wheat might not have brought prices yielding the cost of hauling it from the Prairies. For, in the period, 1926 to 1930, Australia had 9.2% of the world's market, while Canada had 37.1%." Ontario Brief, Book 1 pp. 16 & 17

### DEVALUATION, CURRENCY

#### EFFECT ON COST OF SERVICING LOANS

##### Ontario's Contention:

"The increased cost of servicing loans may be inferred from the following figures of Dominion and Provincial debt:

Payable in London.....\$477,000,000

Optional payment in New York.....\$1,112,000,000

In addition some \$800,000,000 of railway securities are payable in the United States and several hundred millions of securities of municipalities, public utilities and other industrial and commercial concerns."

Ontario Brief, Book 2

p. 85

### DEVALUATION, CURRENCY

#### EFFECT ON DOMESTIC PRICES

##### Ontario's Contention:

"The Brief suggests that we should have adopted a devaluation policy in order to have maintained an internal price level comparable with that in Australia." Quotes figures to show that: "The probable rise in prices would thus have absorbed \$222,000,000; or \$37,000,000 of the expected gain of \$47,000,000 per annum."

Ontario Brief, Book 2

p. 85

### DEVALUATION, CURRENCY

#### EFFECT ON PRICE OF WHEAT

##### Ontario's Case:

"But the claim that deliberate devaluation would have conferred benefits of \$47,000,000 per annum on the western wheat grower cannot be accepted.

"The estimate of \$47,000,000 rests on two assumptions: first, that Canadian devaluation by 40 per cent. would not have affected the sterling price of wheat; second, that deliberate devaluation by Canada to this extent would not have affected the monetary policies of Australia, Argentina, or other wheat exporting countries. All the available evidence tends to show that neither of these assumptions is sound.

"The condition of the market in Canada during 1931 to 1934, at least, was such that the existence of a substantially higher price for wheat in Canadian dollars would undoubtedly have very greatly increased the sales.



M O N E T A R Y   P O L I C Y (Cont'd)

DEVALUATION, CURRENCY (Cont'd)

EFFECT ON PRICE OF WHEAT (Concluded)

"Such a substantial increase in offerings would undoubtedly have driven the sterling price down, and the net gain in Canadian dollars to the wheat grower would have been only a small fraction of the \$47,000,000 claimed.

"Deliberate devaluation by 40 per cent. would quite possibly have resulted in further devaluation by Australia. It would almost certainly have produced further devaluation (or the same result by a different device) on the part of Argentina. Deliberate competitive devaluation is a dangerous game, the end of which cannot be foreseen from the beginning.

"Finally, it should be pointed out that devaluation had it had the effect assumed by the Manitoba Brief, would have encouraged increased production of wheat, thus aggravating the wheat problem, and postponing the establishment of a sounder relationship between wheat production and currently available world consumption." pp. 85 & 86

DEVALUATION, CURRENCY

FAILURE OF SUCH A DOMINION POLICY

Prof. Taylor: "In the next paragraph I call attention to the fact that monetary policy, like trade policy, must be considered as a whole. That some credit, shall I say, should be given to the Dominion Government. For example, its policy was designed to reduce interest rates, and I suggest, for instance, that that policy for reduction of interest rates, which included the action in November, 1932, of issuing \$35,000,000 of treasury bills to the banks to increase their cash resources, the action over two or three years ago by Government initiative getting the savings bank rate down from 3½% to 1½%,--that was done on the urging of and with pressure from the government. Again, in June, 1934, an additional \$50,000,000 of notes were issued to meet ordinary budget expenditure, which again had the effect of a mild dose of inflation, which again brought the cash reserves up and the down pressure on interest rates increased. Without for a moment trying to take it upon myself to defend the Dominion Government's policy, I doubt if the Dominion Government could have followed a policy of cheap money as successfully, or at all, possibly, had it devalued on the Australian scale. The Australians did in a sense, make the best of both worlds, but there was this difference, that there was probably even less of a money market in Canada than in Australia at that time. We had no central bank, and the Australians were in a fairly simple position of dealing with a single creditor,--Great Britain. We were in a rather different position, of dealing with two creditors, whose exchanges were going in opposite directions, and I submit that, considering the difficulties of the financial mechanism involved, that the Dominion Government could not have followed this cheap money policy successfully. It had, at the same time, taken the rather acute risk of a sharp devaluation policy in the foreign exchange. There, too, I am sure you will get somewhat conflicting advice from different brands of economists, but I think that is a reasonably orthodox, and generally accepted view. I am not saying that the Dominion policy is perfect, but taking things as they were, with the mechanism they had at their disposal, I do not see where they really could have done much better under the circumstances, and knowing what they knew in 1932, and not what we think we know now."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7810-11

DEVALUATION, CURRENCY

PROBABLE EFFECT OF A DOMINION POLICY OF CURRENCY DEVALUATION ON PRODUCTION OF WHEAT

Prof. Taylor: "And the last statement of all that I make, Sir, is one to which I attach a considerable amount of importance, although I have not given much space to it in the brief. It should be pointed out that devaluation, had it had the effect assumed by the Manitoba brief, had it actually increased the price received by the farmer and not interfered with the quantity of wheat sold, would almost certainly have increased the production of wheat, thus aggravating the wheat problem in the long run, and postponing the establishment of a sounder relationship between wheat production and the currently available world consumption. I think





MONETARY POLICY (Cont'd)

DEVALUATION, CURRENCY (Cont'd)

PROBABLE EFFECT OF A DOMINION POLICY OF CURRENCY DEVALUATION ON  
PRODUCTION OF WHEAT (Concluded)

that is very clear in the case of Australia. Australia's wheat production rose nearly 40% in the years 1931, 1932 and 1933 as compared with the average of the previous five years; from 96,000,000 bushels a year to something like 124,000,000. I have the figures here; I took the figures from the Official Journal of the Economic Society of Australia, March, 1935, page 40, in an article on farm production, by Dr. Giblin. The actual increase was from 140,000,000 bushels production to 195,000,000 bushels production. Their exports showed an increase of about 28% from 96,000,000 to 124,000,000. That is comparing 1924-1929, in the case of the lower figure, with 1931-1932 and 1933 in the case of the higher figure."

Commissioner Dafoe: "I think that that inference might be questioned, because the acreage of wheat was pretty well at its maximum in those years. I doubt whether any stimulus other than that of a very profitable rate for wheat would have led to an enlargement of acreage, and the natural increase which they would have got in wheat under the suggested devaluation would still have left the price which they got very unsatisfactory, from their point of view. But you argue that it did not really represent the cost of production."

Prof. Taylor: "My point, Sir, is, I think the benefit would actually have been very very slight, but even if they had got the full 40% increase in the price of wheat--even if the sterling price had remained constant, there would have been no further competitive devaluation by the other countries; if they had got everything that they assumed they would have got, I think the effect would have been then to not stimulate the production by 40%, but I think it might easily have had a very significant influence on the production of wheat."

Commissioner Dafoe: "It is a matter of judgment."

Prof. Taylor: "Yes, I quite agree with you, but it is on such matters of judgment that a policy like this has to rest, and it is a matter that is pretty difficult to see the end from the beginning, when you start competitive devaluation."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7812-14

DEVALUATION, CURRENCY

PROBABLE EFFECT ON PRICE OF WHEAT

Prof. Taylor: "I conclude, Sir, by saying that even the claim that deliberate devaluation would have conferred benefits of \$47,000,000 per annum on the western wheat-grower I feel cannot be accepted in just that form. It rests pretty clearly, and I think quite explicitly in their case, on two assumptions. The first is that Canadian devaluation by 40% would not have affected the sterling price of wheat. Dr. Upgren was examined on that I understand as I read the evidence, and he had put forward that it might have had some effect but he did not think it would have had any substantial effect. That, of course, must be always a matter of opinion, but I think the more generally accepted view in Canada would be that devaluation might have had quite a marked effect on the sterling price of wheat, that the wheat position in 1931 and 1932 was such that the holders of wheat at that time would almost have tried to get out at what they considered a decent Canadian price, and had the devaluation raised the Canadian price substantially I am certain that there would have been very largely increased offerings on the market, and the price of wheat would almost certainly have gone down quite significantly, and it would not have to go down very far, of course,--a penny or two-pence a bushel, or three or four cents a bushel, can play a lot of havoc with \$47,000,000."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7811-12

DEVALUATION, CURRENCY

WHEAT PRICES

Ontario's Contention:

"Devaluation to the level of the Australian pound would have raised the cost of all imports. It would have had the effect of





M O N E T A R Y   P O L I C Y   (Cont'd)

DEVALUATION, CURRENCY   (Concluded)

WHEAT PRICES   (Concluded)

an addition of approximately 40 per cent. ad valorem to all tariff rates, dutiable and free."

Ontario Brief, Book 2

p. 84

EFFECT

FACTORS TO BE CONSIDERED

Ontario's Contention:

"Monetary policy, like trade policy, must be considered as a whole. Deductions, for example, should be allowed for Federal policy designed to reduce rates generally."

Ontario Brief, Book 2

p. 85

EFFECT ON PRICES, ETC.

Manitoba, Hon. Mr. Bracken, for:

The disadvantages suffered by the primary producers of Manitoba due to rigidities in the price structure are "an added argument why the central government should help more with the cost of maintaining social services."

Report of Hearings

Winnipeg, Man., December 2, 1937

p. 558

MAINTENANCE OF MONETARY POLICY

CASE OF PRAIRIE WHEAT FARMERS

Ontario, Hon. Mitchell F. Hepburn, for:

".....nor do I believe we should be called upon to re-make a fiscal policy that was established long before most of them" (the Prairie wheat farmers) "ever turned a furrow, with a tractor, on Canadian soil."

"While wheat is still important, it is not the life and soil of the West."

"In the first place, there are not 290,000 'wheat farms' in the Prairie Provinces. The Bureau of Statistics at Ottawa classifies a 'wheat farm' as one having 50 p.c. or more of its gross income from wheat, and in that sense, the number of 'wheat farms' in the Prairie Provinces (in 1935), according to the census, was as follows: with a total of 57,774 farms in Manitoba only 7,311 are classed as 'wheat farms'; out of 142,391 farms in Saskatchewan only 62,311 are 'wheat farms' and out of 100,358 farms in Alberta, but 29,807 are 'wheat farms'."

Mr. Hepburn had previously stated (Ontario Brief, Book 1, p. 13): "According to the census returns the number of occupied farms was as follows:

	1931	1936
Manitoba	54,199	57,774
Saskatchewan	136,472	142,391
Alberta	97,408	100,358
Total	288,079	300,523"

Ontario Brief, Book 1

pp. 19 & 20

MANITOBA'S CASE

REASONS FOR MANITOBA'S CASE

Manitoba, Hon. Mr. Bracken, for:

There is no suggestion by the Manitoba government that the Dominion government should undertake currency management in the interest of exporters. The Manitoba government's submission re monetary policy is to show the disability under which Manitoba, as an economic area, suffers and is not a suggestion that the Dominion should change its monetary policy. However, "where you have an extreme decline the state should give consideration to bringing about more of a parity in prices as between agriculture and industry."

Report of Hearings

Winnipeg, Man., December 3, 1937

pp. 654 & 655



M O N E T A R Y   P O L I C Y   (Concluded)

MANITOBA'S CASE   (Concluded)

WEAKNESS OF MANITOBA'S CASE

Chairman:

The effects of the Dominion monetary policy is the weakest of Manitoba's arguments. It relates to something that is of only a temporary character. The tariff stands on quite a different basis.

Report of Hearings

Winnipeg, Man., December 2, 1937

p. 536

P A R K S,   N A T I O N A L

DUPLICATION OF SERVICES

Dominion's Position:

Mr. Gibson: "In the administration of National Parks, there is no overlapping of provincial activities because the Dominion has full authority over defined areas."

Report of Hearings

Ottawa, Ont., May 30, 1938

p. 9635

P E N S I O N S,   M O T H E R S'

ADMINISTRATION, PROVINCIAL

Nova Scotia, Hon. Mr. Macquarrie, for:

Should the Dominion assume 100% responsibility for old age pensions and mothers' allowances, the Government of Nova Scotia feels that the Dominion would want to administer these services. However, it feels that the administration would best be carried out by the Province, although under Dominion control.

Report of Hearings

Halifax, N. S., February 7, 1938

p. 4188

ADMINISTRATION, PROVINCIAL

EFFECT OF PROVINCIAL ADMINISTRATION

Prince Edward Island, Hon. Mr. Campbell, for:

States that should Prince Edward Island be obliged to establish such a scheme its fiscal need would be pro tanto increased.

Report of Hearings

Charlottetown, P. E. I., February 11, 1938

p. 4516

RESPONSIBILITY, DOMINION

Prince Edward Island's Case:

Prince Edward Island is financially unable to set up a scheme of Mothers' Allowances. However, the necessity for such a service is becoming obvious. We recommend that jurisdiction and responsibility be transferred to the Dominion.

Prince Edward Island Brief

p. 45

Prince Edward Island, Hon. Mr. Campbell, for:

Recommends that Mothers' Allowances should be taken over by the Dominion. Points out that Prince Edward Island has not established a system of Mothers' Allowances as have some of the other Provinces, but, notwithstanding that, Prince Edward Island is willing to join in the recommendation that a Dominion system be established.

Report of Hearings

Charlottetown, P. E. I., February 11, 1938

p. 4516

P E N S I O N S,   O L D   A G E

BASIS OF OLD AGE PENSIONS

Hon. Mr. Hepburn: "Well, Mr. Chairman, I believe in the contributory system, whether it applies to unemployment insurance or old age pensions. I might say I am well versed in this





PENSIONS, OLD AGE (Cont'd)

BASIS OF OLD AGE PENSIONS (Concluded)

subject, and I do know that there are many abuses; it seems to be the considered policy of many old people to give their property away and apply for old age pensions. There is no thought of thrift, and many abuses are creeping in. I believe there is a great deal of merit in that suggestion, that we change to some contributory system, and I believe that opinion will be shared by all my colleagues, although we have not discussed the matter."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7698

BRITISH COLUMBIA'S POSITION ON OLD AGE PENSIONS

British Columbia, Hon. Mr. Pattullo, for:

Old Age Pensions should be contributory and applicable to all citizens of Canada. The pension should be uniform. It would be better to use the Provincial machinery rather than create a Dominion organization to administer either Old Age Pensions or Mothers' Allowances.

Report of Hearings

Victoria, B. C., March 23, 1938

p. 5553

FINANCIAL RESPONSIBILITY

AMENDMENT TO B. N. A. ACT

Nova Scotia's Submission:

Proposals to amend the B. N. A. Act:

"6. To provide for the Dominion to assume full financial responsibility for old age pensions and mothers' allowances."

Nova Scotia Brief

p. 15

RESPONSIBILITY, DOMINION

Manitoba, Hon. Mr. Garson, for:

Such services as Old Age Pensions in which the claim upon the State is largely automatic, should be administered and financed by the Dominion Government, as it is the body which has unlimited taxing power over the taxable capacity of the whole Dominion. Only in this way can a common minimum standard of Social Service be provided for all Canadians in all parts of Canada without inevitably involving certain poorer Provinces in default.

Report of Hearings

Winnipeg, Man., December 2, 1937

p. 403

Prince Edward Island's Case:

In self defense Prince Edward Island was forced to enter into the scheme of Old Age Pensions. The pensions scheme could be more efficiently administered by the Dominion, thus eliminating overlapping and the problem of transients. We recommend that the entire jurisdiction and responsibility for the payment and administration of Old Age Pensions, and pensions to blind persons, be vested in and assumed by the Dominion of Canada.

Prince Edward Island Brief

pp. 44 & 45

Prince Edward Island, Hon. Mr. Campbell, for:

Recommends that the Dominion take over the administration of financial responsibility of Old Age Pensions.

Report of Hearings

Charlottetown, P. E. I., February 11, 1938

p. 4512



PENSIONS, OLD AGE (Concluded)

RESPONSIBILITY, DOMINION (Concluded)

British Columbia's Recommendation:

"8. Full responsibility should rest upon the Dominion for the costs of Old Age Pensions and Mothers' Allowances."  
British Columbia Brief p. 352

RESPONSIBILITY, FINANCIAL

Nova Scotia, Hon. Mr. Macquarrie, for:

The entire cost of Old Age Pensions and Mothers' Allowances should be assumed by the Dominion because at present they constitute a burden, to the extent that they are borne, upon a number of the Provinces. Thus the less prosperous Provinces are unable to maintain the same standard of benefit as certain of the other Provinces. The standard of these services should be made uniform throughout the Dominion.

Report of Hearings

Halifax, N. S., February 3, 1938

pp. 3914-15

SCHEME, PROPOSAL OF NEW

Saskatchewan, Hon. Mr. Davis, for:

The principal elements involved in the Old Age Pensions scheme as suggested by the Saskatchewan Government are:

1. Basis to be contributory.
2. Beneficiary to receive pension irrespective of financial status.
3. Pension to be paid when beneficiary is 65 years of age or over.
4. Dominion to assume complete responsibility.
5. Scheme to be compulsory and general.
6. Time lag of five years for reserves to accumulate.
7. Suggestion that contributions be in accordance with ability to pay principal, but that pensions be uniform irrespective of the amount contributed by the beneficiary.
8. Scheme to be national in its scope.

(The scheme as suggested is really a state annuity scheme with certain modifications.)

Report of Hearings

Regina, Sask., December 14, 1937

pp. 1848-54

STANDARDS, PREFERENCE FOR UNIFORM

Nova Scotia, Hon. Mr. Macquarrie, for:

In regard to old age pensions and mothers' allowances we propose that there be a uniform standard throughout the country, which might necessarily involve different rates in different localities.

Report of Hearings

Halifax, N. S., February 7, 1938

p. 4187



P. G. E.

ABSORPTION

BY TRANSCONTINENTAL RAILWAYS

British Columbia's Recommendation:

18. "While it is maintained that a moral obligation rests on the Canadian National Railways to absorb the Pacific Great Eastern Railway within its system, it is suggested that the two national railways should absorb this system, by agreement."

British Columbia Brief

p. 353

British Columbia:

It is submitted that the P. G. E. Railway should be included as part of the C. N. R. or otherwise be operated under the joint control of the C. N. R. and C. P. R. Companies. Also the P. G. E. should be completed to Prince George and from there northward so as to give a Pacific outlet to the Peace River area. It is submitted that there is an obligation on the part of the Dominion to give effect to these proposals because:

1. "It is in accordance with the policy of the Dominion already in force in other parts of Canada by which large sums have been invested for the construction and operation of branch lines, main lines, and canals.
2. "It is the only possible solution of the problem of the Pacific Great Eastern.
3. "It is the only way to have the road extended into the Peace River.
4. "The completion and extension of the road will increase its earning capacity and will serve as a valuable feeder to the Canadian National.
5. "It will provide a necessary outlet to the Pacific for the Peace River. This in turn will open up a valuable portion of the Dominion for agricultural settlement and industrial development, which will be for the general advantage of Canada.
6. "The national system can operate the road as part of its organization more effectively and economically than is possible under existing conditions.
7. "It will give some measure of relief to British Columbia to mitigate the unfair disadvantages under which she has suffered.
8. "There is a direct obligation on the Dominion because the railway policy of Canada has destroyed the traffic arrangement which was the basic condition on which the enterprise was undertaken."

Brief of Argument

p. 37

ABSORPTION

INTO DOMINION SYSTEM

British Columbia, Hon. Mr. Farris, for:

Originally the Canadian Northern and the P. G. E. were public enterprises in the full sense of the word, the first Federal and the other Provincial. Eventually the Dominion took action which destroyed the effect and benefit of something which had been existing and which was one of the basic reasons which justified the Provincial enterprise. The Dominion in taking over a greater scheme put





P. G. E. (Concluded)

ABSORPTION (Concluded)

INTO DOMINION SYSTEM (Concluded)

its foot on the smaller scheme. In the common interest of Canada the Dominion Government should now fit the P. G. E. into the Federal railroad system.

Report of Hearings

Victoria, B. C., March 18, 1938

p. 5154

P O P U L A T I O N

DECREASE, REASONS FOR

Nova Scotia, Hon. Mr. Macdonald, for:

The capacity to pay taxes in Nova Scotia is the lowest in Canada no matter upon what statistical basis the estimate is made. In Nova Scotia, moreover, it is approximately 20% to 40% below the average for Canada. If wages are low and incomes are lower than other parts of Canada, the younger, stronger element of our population will be attracted elsewhere. This condition seems already to have set in: between 1921 and 1931 the population of Nova Scotia declined, most of this decrease being in the age group from 25-44 years of age.

Report of Hearings

Halifax, N. S., February 4, 1938

pp. 4033-34

SUB-MARGINAL AREAS, MOVING OF RESIDENTS FROM

Manitoba, Hon. Mr. Bracken, for:

While no Provincial Government seems financially capable of undertaking the task, yet in the interest of the nation residents living on sub-marginal land should be moved.

Report of Hearings

Winnipeg, Man., December 2, 1937

p. 524

WESTERN DEVELOPMENT

ONTARIO'S CONTRIBUTIONS

Ontario's Contention:

Mr. Lang: "Yes, there is one paragraph on page seven, I think we should note. It has not been touched upon in anything we have said. It deals with the rural depopulation which took place in this province back in the nineteen hundreds."

The Chairman: "You are not charging that as a deficit against the western tariff rates?"

Mr. Lang: "No, My Lord, we would not suggest anything like that."

The Chairman: "It is a very important fact and I mentioned it once in the course of the hearings in the west. There has been much migration from the central section of Ontario and rural depopulation."

Mr. Lang: "On page seven, paragraph three: 'During the thirty years from 1881 to 1911 about 300,000 Ontario-born people settled permanently in the western provinces. In 1901, 121,500 or 20.5 per cent of the population of the west were Ontario-born. . .'"



## POPULATION (Concluded)

### WESTERN DEVELOPMENT (Concluded)

#### ONTARIO'S CONTRIBUTIONS

Commissioner Dafoe: "Mr. Lang, if the west had not been opened up, do you not think a considerable percentage of those people would have gone to Iowa, Minnesota and the Dakotas?"

Mr. Lang: "Well that is a matter of speculation, of course."

Commissioner Dafoe: "They were pouring into those states in the eighties and nineties, just as the generation earlier had poured into Michigan. That is a little account in favour of the west."

Mr. Walters: "And many moved over into Alberta and Saskatchewan."

Commissioner Dafoe: "Yes, they came in later."

Mr. Walters: "Mr. Gardiner in 1927 said that the debt the West owed Ontario could never be paid."

Mr. Lang: "My point, Mr. Chairman, is not to suggest that they would not have gone somewhere else, but my point is simply that they went away and left Ontario; and by going away from Ontario that created a problem in Ontario, whatever they may have done where they went."

Commissioner Dafoe: "The problem as you stated is tied up with western development. All I am saying is that the people of Ontario were looking for new homes at that time, and before the Canadian West was opened up they went in shoals to Michigan, Iowa, Minnesota and North Dakota. There are parts of Dakota, which twenty-five years ago, had about as large a proportion of Ontario settlers as parts of Manitoba. There are many towns and cities in North Dakota with Ontario names. So that I think the opening up of the Canadian West saved for Canada a good many people who otherwise would have been lost. Of course, in respect to what Mr. Walters said, that the West could never repay its debt to Ontario, that statement will be agreed to by everyone like myself, who, being Ontario-born, found a career in the west."

Mr. Lang: "Well, you could likely make a very fine argument along those lines. Might I say that in the part of the country where I was born, there was undoubtedly a large emigration from that part to Michigan at one time, but my recollection is practically all those families came back later; some of them stayed, I think, but my recollection is, amongst those I knew, growing up, their forebears had been in Michigan, and had come back."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7953, 7953A & 7954

## POWERS

### DELEGATION OF POWERS

#### AUTONOMY OF PROVINCES

##### Ontario's Contention:

Canada is a union of the provinces, in which the provinces are sovereign states, having received their powers direct from the Crown, and not from the Dominion or British parliaments.





## P O W E R S (Cont'd)

### DELEGATION OF POWERS (Concluded)

#### AUTONOMY OF PROVINCES (Concluded)

Reviews history of move for union in Canada, showing what ideas were held as to the nature of the union before the passage of the B. N. A. Act. "There were undoubtedly wide differences of opinion among the framers of the Quebec Resolutions as to whether the underlying principle should be such as to give the largest powers to the local governments and merely delegated authority to the general government or to make the local governments subordinate to the general government. Whatever may have been the real aim of the proponents of the Union, the Privy Council has, in general, held that the interpretation of this part of our constitution must be from the point of view of a Statute, so that the views of the Fathers of Confederation as to the terminology to be applied in describing the basis of union or as to what they considered was the real basis of union, have no bearing on the matter of interpretation. In that statute and in the decisions under it, the nature of Canadian Federalism is to be found." Quotes cases in support of this contention.

Ontario Brief, Book 2

pp. 2-7

#### Ontario's Submission:

"Our constitution is a balanced one and the necessity for maintaining the balance between centralization and de-centralization is, it is submitted, as important today as it was when, after conference and discussion the provinces agreed to adopt that new form of government which has been Canada's since 1867."

Ontario Brief, Book 2

pp. 6 & 7

### DISTRIBUTION OF POWERS

#### Ontario, Hon. Mitchell F. Hepburn for:

". . . it is now quite obvious, from other people's experience, and from our own, that Canadians ought to strengthen the hands of government closest to the people--or get ready to look back on the past seventy-five years as merely an interlude of freedom."

Ontario Brief, Book 1

pp. 8 & 9

### DISTRIBUTION OF POWERS

#### ADVANTAGES OF DECENTRALIZATION

#### Ontario, Hon. Mitchell F. Hepburn, for:

"Canada is a country of distances; and, travel to a Capital located mid-continent is expensive. Departments requiring frequent public attendance would probably be better for decentralization."

Ontario Brief, Book 1

p. 6

### DISTRIBUTION OF POWERS

#### ADVANTAGES OF DISTRIBUTION

#### Ontario, Hon. Mitchell F. Hepburn for:

"And I repeat my question: shall we place the 'new services' with Federal Government or with the provinces?"

"The answer does not depend wholly upon what we want governments to do for us; it depends upon what governments may do to us, once they are seized with power. . . . The accumulation of power leads to autocracy; its distribution is the safety-zone of democracy."

Ontario Brief, Book 1

p. 7



P O W E R S (Cont'd)

DISTRIBUTION OF POWERS (Cont'd)

DANGER OF CENTRALIZATION

Ontario is against too much centralization of power in the Dominion. "Such centralization would not only destroy the essence of Federalism, but it would not conduce to social efficiency. A strong and united Canada can never be build upon an over-centralized bureaucracy. It can be built only upon a broad division of powers based upon mutual agreement and effectually exercised by governments each strong and well-equipped in its own sphere."

Ontario Brief, Book 2

p. 2

DISTRIBUTION OF POWERS

DANGER OF MORE CENTRALIZATION

Ontario, Hon. Mitchell F. Hepburn, for:

"If it is proposed that re-adjustment be in the form of assigning more duties to an already overburdened, central government, more power to a government that has already departed from the well-thumbed practices of parliamentary institutions, then sir, we have but to look across the Atlantic to read the destiny of the Canadian people."

Ontario Brief, Book 1

p. 10

DISTRIBUTION OF POWERS

DECENTRALIZATION

Ontario, Hon. Mitchell F. Hepburn for:

"....our grandfathers were definitely and bitterly opposed to the concentration of political power; and when, in the course of events, they came to have political power over themselves, they deliberately dispersed it. Some power they gave to the municipalities, some, to the provinces, and some, to a central body. Now we are told we have too much government, and I agree."

Ontario Brief, Book 1

p. 5

DISTRIBUTION OF POWERS

DECENTRALIZATION AND ECONOMY

"Beyond doubt there is gross prodigality--woeful waste--in public administration; but we may have economy under the present political framework. "There is overlapping of functions between the central and provincial bodies; but we may correct it, without destroying the balance set up for the insurance of self-government. In short, I am about to contend that by rearranging the public services, we may eliminate waste, increase efficiency, and at the same time, bring government closer to the people--all without changing the Constitution."

Ontario Brief, Book 1

p. 5

DISTRIBUTION OF POWERS

DISTRIBUTION WITH ECONOMY

Ontario, Hon. Mitchell F. Hepburn, for:

"These things are mentioned, not to contend that the Federal Government should yield functions to the provinces, rather to point out where economies may be effected. Without doubt Federal Minis-





POWERS (Cont'd)

DISTRIBUTION OF POWERS (Cont'd)

DISTRIBUTION WITH ECONOMY (Concluded)

ters in charge of departments that overlap provincial departments can stake a claim to valued services; but I question there would be material loss of efficiency by transference to the provinces." Ontario Brief, Book 1 p. 6

DISTRIBUTION OF POWERS

REASONS FOR DISTRIBUTION OF POWERS

There has to be a distribution of powers between the Dominion and provinces for political, economic, geographical and social reasons. Geographically Canada, which is half a continent, "is divided into at least six distinct regions each possessing its own social and economic characteristic and each separated from the others by difficult physical barriers or by racial or cultural diversities. The Maritime Provinces, Quebec, Ontario, the Pre-Cambrian North, the Prairies, and British Columbia, each has its peculiar resources, its specialized economy and its separate social outlook."

This regional diversity is not inconsistent "with an underlying economic and political unity, which, however temporarily obscured, has always conspicuously re-asserted itself in times of crisis, and its compelling power is present even when temporary differences seem most acute.

"There is a real economic unity based on the historical evolution of Canada from fish to fur, from lumber to wheat, and into the modern era of power, pulp and paper, gold and base metal mining."

Geographically Canada is "substantially" the hinterland of the St. Lawrence.

Politically we have "a common allegiance to the British Crown, a common inheritance of similar political institutions, a common pride in our history and belief in our future,.....

"Canada thus presents a paradox of unity and diversity, and the necessary political counterpart of this paradox is Federalism. Economic diversity, difference of race and culture, and sheer size insist upon regional self-government. Common allegiance and an underlying unity demand a national government."

Ontario Brief, Book 2

pp. 1 & 2

DISTRIBUTION OF POWERS

REASONS FOR PRESENT DISTRIBUTION

"Certain matters of public administration would probably have been better with the provinces from the beginning; probably, the Federal Government assumed certain functions because it was originally charged with administering Territories in the process of settlement, and held on after the Territories became Provinces."

Ontario Brief, Book 1

pp. 5 & 6

DISTRIBUTION OF POWERS

SOLUTION OF PROBLEMS ARISING FROM DISTRIBUTION OF POWERS

"It is true that the separate regions in many instances face similar problems, or what appear to be similar problems; but on examination most of these apparently similar problems are found to have





P O W E R S (Cont'd)

DISTRIBUTION OF POWERS (Concluded)

SOLUTION OF PROBLEMS ARISING FROM DISTRIBUTION OF POWERS (Concluded)

important differences in their origin and in the proper approach to their solution." Goes on to quote examples of these problems; e.g., "The nature of the unemployment problem in Nova Scotia is not the same as the nature of the problem in Ontario or in Alberta."  
Ontario Brief, Book 2 p. 2

DIVISION OF POWERS

DEFINITION OF DIVISION OF POWERS

Ontario's Position:

Hon. Mr. Conant: "I like very much the words of Lord Watson in 1892. I am not going to quote at length, but I think it is very succinct and, in my judgment, meets the situation, certainly so far as the Provinces are concerned.

'The object of the Act was neither to mold the provinces into one, nor to subordinate provincial governments to a central authority, but to create a federal government in which they should all be represented, entrusted with the exclusive administration of affairs in which they had a common interest, each province retaining its independence and autonomy.'

Now I think that that is settled. Once you can determine what is the constitutional authority of a province, the application is not difficult. And I believe you, Mr. Chairman, so expressed yourself at London a little over a year ago, and I have it in these words: 'That once the Court has determined the Act is within the competence of the legislature, arguments founded upon injustice or hardship can have no weight.'

".....But our scheme of jurisdiction, our scheme of government, and adjudication will meet those situations, and one may very well question whether it will be as well to maintain the entirely detached view of the Privy Council in determining these questions of constitutional rights and limitations and relationships."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7963-65

DIVISION OF POWERS

DETERMINATION OF DIVISION OF POWERS

The Chairman: "The statement you quoted from Lord Watson has been quoted to us in many briefs, and if one could take that as the final statement of the Privy Council it might simplify one's task in interpreting the constitution. But one must put side by side with that statement the statement of Lord Haldane, in the case of the Attorney-General for Australia v Colonial Sugar Refining Company, where he contrasts the British North America Act with the Australian Act, and points out the fundamental difference between the two.

"The British North America Act of 1867 commences with the preamble that the then Provinces had expressed their desire to be federally united into one Dominion with a Constitution similar in principle to that of the United Kingdom. In a loose sense the word 'federal' may be used, as it is there used, to describe any arrangement under which self-contained States agree to delegate their powers to a common Government with a view to entirely new Constitutions even of the States

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P O W E R S (Cont'd)

DIVISION OF POWERS (Cont'd)

DETERMINATION OF DIVISION OF POWERS (Concluded)

"themselves. But the natural and liberal interpretation of the word confines its application to cases in which these States, while agreeing on a measure of delegation, yet in the main continue to preserve their original Constitutions. Now, as regards Canada, the second of the resolutions, passed at Quebec, in October, 1864, on which the British North America Act was founded, shows that what was in the minds of those who agreed to the resolutions was a general Government charged with matters of common interest, and new and merely local governments for the Provinces. The Provinces were to have fresh and much restricted Constitutions, their Governments being entirely remodelled.'

"One has to take both statements. I am not suggesting which is preferable. Lord Haldane then says: 'This plan was carried out by the Imperial Statute of 1867.' Then he goes on:

"The Act, therefore, departs widely from the true federal model.....Of the Canadian Constitution the true view appears, therefore, to be that, although it was founded on the Quebec Resolutions and so must be accepted as a treaty of union among the then provinces, yet when once enacted by the Imperial Parliament it constituted a fresh departure, and established new Dominion and Provincial Governments with defined powers and duties both derived from the Act of the Imperial Parliament which was their legal source.'

"It is very difficult to take an expression of opinion in any one case of a judicial committee, and rely on that. One has to take the different expressions of opinion in the different cases and try to reach the best conclusion one can. I quite agree with your statement that back of our present problem lies the economical situation. Undoubtedly that is the cause of the present difficulties of certain of the provinces, and it is those difficulties, and what was believed to be the inability of the Federal Government to deal with them, which led to the appointment of this Commission."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7971-72

DIVISION OF POWERS

DOMINION AND PROVINCIAL JURISDICTION

Ontario objects to increasing the jurisdiction of the Dominion Government. The problem underlying decisions over these sections of the B. N. A. Act is essentially financial. "The problem is basically a financial one rather than a constitutional and the increasing attention paid to it due to the financial difficulties of the provinces and the necessity for supplying additional social services." Professor J. A. Maxwell's objections to centralization are quoted from his book, "Federal Subsidies to the Provincial Governments in Canada." Page 243.

Ontario Brief, Book 2

pp. 12 & 13

DIVISION OF POWERS

EVILS OF CONCENTRATING POWER IN DOMINION

Quebec's Position:

"La centralisation qu'on paraît désirer dans certains milieux adverses aux droits des provinces est un mal national et social."





P O W E R S (Cont'd)

DIVISION OF POWERS (Cont'd)

EVILS OF CONCENTRATING POWER IN DOMINION (Concluded)

English Translation:

"Centralization, which certain circles opposed to the autonomy of the provinces seem to wish, is a national and social evil."

Report of Hearings

Quebec, P.Q., May 12, 1938

p. 8134

DIVISION OF POWERS

NECESSITY OF CARE IN DETERMINING PROVINCIAL JURISDICTIONS

Ontario and Commissions's Opinion:

The Chairman: "That" (the necessity for great care in determining respective jurisdictions) "has been carried still further now, Mr. Lang, except in a few cases; that power is only available in the case of national emergency."

Mr. Lang: "Yes, that is what it amounts to now."

The Chairman: "Of course, you are perfectly correct in saying we are bound by what the courts have said, but it is very difficult to think that the Fathers of Confederation had in mind, in view of the debates on that general clause, the limited construction which has been put upon it by the courts."

.....  
"It is what the Courts have said the Act really means."

Mr. Lang: "Yes, and my view is that there are still several things to be settled on those same points."

The Chairman: "Yes."

Report of Hearings

Toronto, Ont. May 6, 1938

pp. 7958-59

DIVISION OF POWERS

NECESSITY OF MAINTAINING BALANCE OF POWERS BETWEEN DOMINION AND PROVINCE

Ontario's Submission:

Mr. Lang: "Then I quote the statement made by Mr. Edwards, Deputy Minister of Justice, which I think is important in enabling us to look practically at the change which came about in 1867."

'In my view what happened in Confederation was that certain peoples who had their then form of government were desirous of exchanging that form of government for another form of government which is set out in the B. N. A. Act; that they voluntarily--there were certain minor protests which were not recognized--they voluntarily agreed to accept the new constitution; and they and the Dominion are bound by the terms of that constitution as it stands to-day.'

Then in conclusion:

'The union of the provinces as a Canadian federation was the result of agreement between them and the terms of the union are set forth in the British North America Act. Our constitution is a balanced one between centralization and decentralization.'

"It is submitted it is as important to-day as it was in 1867."

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7951-52



P O W E R S (Cont'd)

DIVISION OF POWERS (Cont'd)

PROPOSALS FOR DOMINION SHARE IN SOCIAL SERVICES, ASSUMPTION OF DEBTS, AND COLLECTION OF CERTAIN TAXES.

Ontario's Submission:

Mr. Lang: "Some recent proposals, for example those of Manitoba, Saskatchewan, and Nova Scotia, would in effect destroy the whole federal principle..." (Ontario Brief, Book 2, Page 2)

"What I am suggesting at this point is that if, as is suggested for instance in the Manitoba statement that the Dominion government share half the cost of mothers' allowances, hospitals and the care of the mentally afflicted as well as technical education and many other things and take the full responsibility for old age pensions, unemployment insurance, the collection of succession duties, take over part of the provincial debt and the revision of present debt, that combination of circumstances suggest that there would result such rigid control and central authority not consistent with the federal principle as we know it in Canada. Such is our submission."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7945

DIVISION OF POWERS

RECOMMENDATION FOR CONFERENCE

"In this connection it is submitted that the necessity for a remedy, and, if one is needed, the nature of it, can be satisfactorily determined after all the facts are found, only by the time honoured British custom of conference and discussion by the parties concerned, namely the Provinces and the Dominion."

Ontario Brief, Book 2

p. 13

DOMINION

RIGHT OF DOMINION TO INVESTIGATE DOMINION-PROVINCIAL FINANCIAL RELATIONS

Quebec's Submission:

"Le gouvernement de cette province se croit obligé de déclarer solennellement qu'il ne reconnaît pas au gouvernement fédéral le droit de conférer, de sa seule autorité, soit à une commission, soit à un individu, le droit de faire enquête sur la situation financière des gouvernements provinciaux. Sous l'empire de notre système fédératif, chaque province, dans la sphère qui lui est propre, constitue un état autonome, jouissant de toutes les prérogatives d'un état souverain et nullement assujetti au pouvoir fédéral. Le gouvernement fédéral ne peut pas plus s'arroger le droit d'enquêter par l'intermédiaire de ses préposés, sur la situation financière des provinces que celles-ci pourraient enquêter sur la situation financière du pouvoir central. Reconnaître l'autorité de votre Commission serait, en quelque sorte, reconnaître la suprématie de l'autorité fédérale dans les matières qui sont du domaine provincial et, malgré tout le respect qu'il éprouve pour les personnes composant la Commission, le gouvernement de cette province croirait manquer à son devoir s'il posait quelque acte impliquant pareille reconnaissance."

English Translation:

"The government of this Province considers that it is obliged to declare solemnly that it does not recognize the Dominion Government's right, on its sole authority, to confer either to a commission or to an individual the right to investigate the financial condition of the Provincial governments. Within the domain of our federal system each province constitutes an autonomous state within its own sphere enjoying all the prerogatives of a sovereign state and in no wise subject to federal power. The Dominion Government can not reserve for itself the right of investigating through its officers the financial position of the provinces any more than the





## P O W E R S (Cont'd)

### DOMINION (Concluded)

#### RIGHT OF DOMINION TO INVESTIGATE DOMINION-PROVINCIAL FINANCIAL RELATIONS (Concluded)

provinces have the power to investigate the financial position of a central government. To recognize the authority of your commission would be, in a sense, to recognize the supremacy of federal authority in matters that are within provincial jurisdiction, and in spite of the great respect which it feels for the persons making up the Commission, the government of this Province considers that it would fail in its duty if it were to commit itself by any act to such a principle."

Report of Hearings  
Quebec, P.Q., May 12, 1938

pp. 8129-30

### LEGISLATIVE POWERS

#### DETERMINATION OF JURISDICTIONS

Great care in determining respective jurisdictions is necessary, less the autonomy of the provinces be destroyed. This was made clear by Lord Watson in "Attorney General of Ontario vs. Attorney General for the Dominion" (1896) A.C. 348 at 360.  
Ontario Brief, Book 2

p. 12

### LEGISLATIVE POWERS

#### DIVISION OF LEGISLATIVE POWERS

Sections 91, 92, 93, and 95 of the B. N. A. Act, and particularly sections 91 and 92 over which there has been so much litigation, setting forth the division of power between the provinces and the Dominion, must be interpreted as regards each particular case concerned, rather than by a general definition of the terms in the sections. Cases which were decided on this basis are quoted to substantiate this principle.

Ontario Brief, Book 2

pp. 10-11

### LEGISLATIVE POWERS

#### DIVISION OF TAXATION POWERS

"Under section 91, head 3, the Dominion is given the power for the 'raising of money by any mode or system of taxation' and under section 92, head 2, a province may exclusively make laws in relation to 'direct taxation within the province in order to the raising of revenue for provincial purposes,' and under section 9, in relation to 'shop, saloon, tavern, auctioneer, and other licenses in order to the raising of revenue for provincial, local, or municipal purposes.'"

Ontario Brief, Book 2

p. 11

### LEGISLATIVE POWERS

#### DUPLICATION OF TAXATION POWERS

As a result of Sections 91 and 92, there may be overlapping of taxation, because the Dominion may impose any kind of tax and hence invade the limited Provincial field, but in the case of "Attorney General of Canada vs. Attorney General of Ontario" (1893) A. C. 700, Lord Herschell said (at p. 713): "These" (inconveniences) "would be obviated in practice by the good sense of the legislatures concerned."

Ontario Brief, Book 2

pp. 11 & 12

### PROVINCIAL POWERS

#### EXTENSION

##### Chairman:

Undoubtedly the Fathers of Confederation envisaged the Provinces exercising very much narrower functions than the Provinces do now. The Provinces have fought for this larger power throughout, they have now





## P O W E R S (Concluded)

### PROVINCIAL POWERS (Concluded)

#### EXTENSION (Concluded)

got it, and they cannot afford to carry the burden of these enlarged powers.

Report of Hearings

Victoria, B. C., March 16, 1938

p. 4951

### TAXATION POWERS

#### CLARIFICATION OF TAXATION POWERS

"The difficult problem of determining whether a particular tax is direct or indirect has been dealt with in numerous decisions. Many forms of taxation have been attempted under provincial authority which have been held to ultra vires on the ground of indirectness and it is no doubt desirable that if possible some method be found of clarifying the situation."

Ontario Brief, Book 2

p. 12

### TRANSFERENCE OF POWERS

#### NECESSITY OF CAUTION IN MAKING TRANSFERENCE

New Brunswick's Contention:

"It must not be understood that the Province of New Brunswick is opposed to changes in the Constitution in cases where such changes may be absolutely necessary but, in respect to changes, great care should be exercised before a Provincial Government in 1938 should take the responsibility of relinquishing control for all time of powers which were guaranteed by Confederation.

"We have to consider that in time to come changing conditions may make it advisable for the Province to invoke powers which, at the present time, may appear to be of no importance to the Provincial system and we should guard against the possibility of it being said that a Provincial Government assumed the power and discretion of determining what might or might not be essential in the development of our Confederation system.

"Any amendment to the British North America Act involves much negotiation, delay and difficulty. Then, when it is made, the intention is not always secured. There probably has never been an important Act of Parliament which has not given rise to litigation. When the Act of British North America was passed it was no doubt thought to provide plainly for what was present in the minds of its framers, but scores of cases have been before the courts involving the construction of its provisions. Why have we any right to assume that the amendment would not give rise to controversy? Supposing some of these matters were passed over to the Dominion, have we any assurance that the administration would bring about the desired result? The policies of the Dominion Government from time to time have had the effect of centralizing industry and wealth in the provinces of Ontario and Quebec. Is there any guarantee that future activities of the Dominion would result any less unfavourably in the outlying provinces?"

New Brunswick Brief

pp. 9 & 10

## P R O V I N N C E S , P R A I R I E

### CONTINUANCE OF PRAIRIES PROVINCES

#### THEIR SOLVENCY

Ontario's Position:

Mr. Walters: "...if they are to carry on, Mr. Chairman, as Provinces, they should be able to find ways and means to look after their local affairs."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7623

## P U B L I C W O R K S P R O J E C T S

### UNEMPLOYMENT RELIEF

British Columbia's Recommendation:

"15. In connection with unemployment relief many public works of necessary nature could be undertaken to meet public requirements this would provide immediate work for many thousands."

British Columbia Brief

p. 353



RATES, FREIGHT

ADJUSTMENT OF FREIGHT RATES

MARITIME BOARD OF TRADE'S POSITION

"The evidence indicates definitely that the changes which have taken place during the last ten years have had the tendency, in some cases, to nullify the rate relationships established by the Maritime Freight Rates.

"The question now arises what can be done to maintain the relationship in rates established by the Maritime Freight Rates Act and destroyed by competitive conditions and circumstances prevalent in other sections of Canada?

"The report of the Royal Commission on Maritime Claims appears to suggest the solution to this problem.

"...Consequently, it was recommended "that an immediate reduction of 20 per cent (so that 192 will become approximately 155) be made on all rates charged on traffic which both originates and terminates at stations in the Atlantic Division of the Canadian National Railways (including export and import traffic, by sea, from and to that division)...."

"Incidentally, the import traffic provision was never fulfilled in the Maritime Freight Rates Act.

"...and that the same reduction be applied to the Atlantic Division proportion of the through rates on all traffic which originates at stations in the Atlantic Division (excluding import traffic by sea), and is destined to points outside the Atlantic Division."

"Therefore, I repeat that the incidence of the Intercolonial Railway under this national set-up which must be given or should be given all due consideration in maintaining rate relationship. This is what has happened since the Maritime Freight Rates Act has been passed; the rate relationship has been destroyed, not because of the motor truck, but due to the interpretation of the Act. We have, more or less frozen rates, because we cannot get corresponding reduction. It is my opinion that this aspect of the matter should be given due consideration.

"It was recommended by the Royal Commission on Maritime Claims that "from a public point of view, in return for the statutory and other privileges which railway companies enjoy, it may not be unreasonable that there should be a responsible review of their policy (as interpreted in their rate structure) in its relation to the natural basic products of the country, and the development of those products and associated enterprises."

"When the Royal Commission made this recommendation it had under consideration the Railway Act and they were viewing the situation from conditions and circumstances that existed in the Maritime Provinces and the difficulties encountered under the limited power granted to the Railway Board to deal with rate questions involving the development and propagation of Maritime industries. It is patent that the Royal Commission was not aware in what exact form, if any, their recommendations in respect to a 20 per cent reduction would take. The fact, remains, however, that the recommendation for the extension of the power of the Railway Board was not implemented, either into the Railway Act or the Maritime Freight Rates Act.

"In a consideration of this submission it may be necessary to review the matter to some extent in relation to the National Policy.

"It appears from the deductions of Dr. Innis that the Maritimes actually tend to bear the full burden of rate adjustments and the deficits on the Intercolonial Railway. This phase of the question opens a field of investigation beyond the scope of this particular submission. Yet, it is suggested one that is worthy of thorough exploration."

Report of Hearings

Fredericton, N.B., May 20, 1938

pp. 8882-84, 8886-89





RATES, FREIGHT (Cont'd)

CASE OF MARITIME BOARD OF TRADE

New Brunswick's Endorsement:

Hon. Mr. Jones: "....Mr. Mathewson has a very comprehensive brief on freight rates for the transportation commission. I think we could identify ourselves with it, if they will permit us to do that, and I think they will...."

Report of Hearings

Fredericton, N.B., May 20, 1938

p. 8801

DISABILITIES

ADJUSTMENT

British Columbia's Recommendation:

"4. Inequalities and disabilities existing by reason of the application of the tariff and freight rates should be adjusted."

British Columbia Brief

p. 351

EXCESS

COMPENSATION FOR EXCESS, 1912-1927

New Brunswick's Claims:

"We trust that this Commission may have regard to the fact that a great deal of money was paid by shippers and others in the Province between the years of 1912 and 1927 which, according to the finding of the Duncan Commission, should not have been exacted.

"The amount paid by the Dominion to the railways in consideration of this rate reduction covering the ten year period after 1927 can be ascertained at Ottawa. From that it may be quite possible to make a fairly close estimate of the overpayment for the fifteen years prior to 1927.

"We therefore submit that a reasonable allowance be made to the Province in this connection or that there be some concession by which the people can be compensated. Also that the Commission recommend a local management of the Government railways at Moncton and that such management be authorized and instructed to correct the present unjust freight rating provisions and, from time to time, to arrange freight rates in order to meet changing conditions."

New Brunswick Brief

p. 59

INCREASE, 1912-1927

REASON FOR PAYMENT OF PROPOSED COMPENSATION TO PROVINCE

New Brunswick's Position:

Mr. Stewart: "There is just one question in connection with the freight rates. On page 57 you suggest that an allowance should be made to the province for the loss occasioned by the reason of increased rates, between 1912 and 1927 and the failure to provide for a reduction of rates generally. Why the suggestion that it should be paid to the Province, Mr. Jones? It would be the shippers within the province who sustained the burden, would it not?"

Hon. Mr. Jones: "I quite understand, but the province must act on behalf of the shippers. It would be like the fisheries award, the province would get the money and it would be a trust fund. The province would have to distribute it to the proper parties if the province could locate them."

Report of Hearings

Fredericton, N.B., May 20, 1938

p. 8802



RATES, FREIGHT (Cont'd)

MARITIME FREIGHT RATES ACT

INADEQUACY OF M. F. R. A.

New Brunswick's Submission:

"We set out elsewhere our contention in reference to the operation of the Intercolonial Railway under the agreement of Confederation.

"In addition to what is therein stated, our submission is that the Maritime Freight Rates Act, when passed, afforded most inadequate provisions in respect of the excessive rates which were fixed by the railways in 1912 and subsequent years, and that alterations in the rate structure afterwards introduced as affecting the other parts of the Dominion have destroyed any benefit that the Maritime Provinces might have had from the reductions in freight rates under the Act."

New Brunswick Brief

p. 55

NEW BRUNSWICK'S CLAIMS

1. Increase: "We claim that an allowance should be made to this province for the loss occasioned by reason of the increase of rates between 1912 and 1927 and the failure to provide for a reduction of rates generally."

2. Loss to New Brunswick's Industry: "In addition to the above there is also the loss to our industries through the unwarranted imposition of these excessive rates which prevented our manufacturers, our farmers and others from reaching the markets of Canada on a fair basis and imposed an excessive burden upon our people in the importation of commodities to the Maritime Provinces from other parts of the Dominion.

3. Recommendations of Duncan Commission: "The recommendations of the Duncan Commission in respect of import rates, export rail rates and providing the Railway Commission with greater supervisory powers of investigating Maritime industries at the expense of the Commission and to authorize rates which would promote the development of such industries and also publication of statistics of interprovincial trade, have not been implemented."

New Brunswick Brief

p. 57

PROBLEM, SOLUTION OF

Saskatchewan, Hon. Mr. Davis, for:

Suggests that as the partial alleviation of the disabilities suffered by Saskatchewan by reason of the freight rate structure, articles manufactured in Canada under a protective tariff should be sold at a uniform price throughout the Dominion. In this way production costs would be the same for all Canadian consumers.

Report of Hearings

Regina, Sask., December 14, 1937

pp. 1752-53

READJUSTMENT, REASON FOR

Saskatchewan's Submission:

Transportation facilities and the freight rate structure of railways should be considered from a national point of view so as to give relief in some measure to the exporters of primary products of Western Canada.

Saskatchewan Brief

p. 332

REDUCTION

NECESSITY OF REDUCTION TO FOSTER NEW BRUNSWICK TRADE

New Brunswick's Submission:

"The Dominion Government has recently recognized the Confederation agreement by removing from the indebtedness which had been allocated to the Canadian National Railway that part thereof incurred by the Dominion in respect to the construction of the Intercolonial Railway.





RATES, FREIGHT (Cont'd)

REDUCTION (Concluded)

NECESSITY OF REDUCTION TO FOSTER NEW BRUNSWICK TRADE (Concluded)

This item is now added to the public debt account of Canada. There was never any justification for including the item in the debt applicable to the Canadian National Railway System. This act of the Dominion shows conclusively that the Canadian National Railways are not expected or required to impose any freight rates on the Inter-colonial Railway system designed to provide the interest on the cost of construction. Our submission is that, even if the operating expenses involve freight rates which bear too heavily upon the Inter-provincial and other trade of the Maritime Provinces, the rates should be reduced to an amount which would fairly encourage such trade and make it possible."

New Brunswick Brief

pp. 109 & 110

REPRESENTATIONS, LATER

Prince Edward Island's Case:

As regards transportation and freight rates Prince Edward Island, co-operating with the two other Maritime Provinces, aids in the maintenance of a standing Maritime transportation commission. The experts of this commission are preparing a brief dealing with this problem which will be duly submitted to the Rowell Commission.

Prince Edward Island Brief

pp. 46 & 47

WHEAT, FREIGHT RATES ON

Ontario, Hon. Mitchell F. Hepburn for:

Asks the Commission to examine, if they are going to check the Account Rendered:

"3. The relation of domestic and export rates on the rail haul of wheat from the prairies to seaboard and (following the method adopted in Manitoba in determining 'excess' prices) it will be as well to have a comparison of export rates between Canadian and American railways. By way of illustrating the substance of the account I submit the following extract from Reference No. 84, May 1936, of the Tariff Board:

"The Canadian Railways admit, however, that the rates on petroleum products are higher in Canada than in the United States but they point out that the Western Canadian farmer pays very much lower freight rates on grain than the American farmer, the difference being approximately 15 cents per 100 pounds or 9 cents per bushel."

"I shall not attempt to compute the 'excess' burden shouldered by the people of the eastern provinces, as a consequence of what I am told are the world's lowest per mile rates on wheat, but multiplying the number of bushels of wheat exported (in even a bad year) by nine cents gives promise of being a substantial sum."

Ontario Brief, Book 1

p. 28

RELATIONS, DOMINION - PROVINCIAL

CLAIMS BY PROVINCES, MAKING OF

Ontario, Hon. Mitchell F. Hepburn, for:

"It follows that the Province of Ontario is not before this Commission either as an applicant or as a defendant.

".....we are not here to bargain away functions with which we have been charged, not here to trade off the resources we are sworn to preserve."

Ontario Brief, Book 1

p. 4





RELATIONS, DOMINION - PROVINCIAL (Cont'd)

DEPARTMENT OF STATE

ADVANTAGE OF SUCH A DEPARTMENT

New Brunswick's Observation:

"If there were these new departments of the several governments established a definite knowledge of any difference could readily be obtained."

New Brunswick Brief

p. 7

DIFFICULTIES

SOLUTION BY CO-OPERATION

Hon. Mitchell F. Hepburn claims that "instead of rendering accounts to each other 'in terms of money,' or in any other terms, we would all be better employed, working together for a greater and safer Canada."

Ontario Brief, Book 1

p. 29

IMPROVEMENT OF RELATIONS

DUPLICATION BETWEEN PROPOSED DOMINION & PROVINCIAL DEPARTMENTS

New Brunswick's Contention:

Mr. Stewart: "Is there not a danger of very serious duplication within the provincial sphere, of having double records, in the records of the department concerned and then in the records of your particular department?"

Mr. Conlon: "As I say, it is a matter of development from what exists to what has been planned, and during the course of transition there may be duplication, but the idea is to have all those concentrated so that the major work, those major transactions, there would be a record kept altogether."

Mr. Stewart: "And the scheme" (establishment of a Dominion Department of Secretary of State for Provinces and Provincial Departments of Federal Relations to handle all matters between the Dominion and Provincial Governments and departments purely routine matters concerning either the Dominion or the Provinces would be handled directly by the departments concerned) "when functioning fully, with the secretary of state for the Province of Ottawa, would again involve duplication at that end?"

Mr. Conlon: "Well, I think there would be no duplication there, except would it not be more of a consolidation? The Premier in his opening remarks did observe, he rather prompted the idea of an annual conference and I think did suggest there that the Department would serve as a permanent organization for making continuity of that work. I can see the thought you have in mind, Mr. Stewart, on overlapping. In the process of changing from one system to another that is quite possible. But when we make an established fact these records, and if these channels of communication were being employed, it would serve to consolidate it and centralize it."

Report of Hearings

Fredericton, N.B., May 20, 1938

pp. 8793-94

IMPROVEMENT OF RELATIONS

ESTABLISHMENT OF DOMINION DEPARTMENT OF STATE FOR PROVINCES

New Brunswick's Recommendation:

"There was after Confederation a Department of Secretary of State for the Provinces. It was abandoned. It should have been continued and should be reinstated. For years there has been no close co-operation between the Dominion and the Provinces. The Dominion has had its commissioners at the capitals of foreign countries and in England, but there is nothing of the kind as regards the provinces. The Dominion has not regarded the provinces as independent sovereign states. It has often forgotten that it was created by the provinces and that it exists by reason of the will of the provinces. It has too long adopted and followed out the wrong attitude in this regard and many of the difficulties that now confront the Confederation have arisen because of



RELATIONS, DOMINION - PROVINCIAL (Cont'd)

IMPROVEMENT OF RELATIONS (Cont'd)

ESTABLISHMENT OF DOMINION DEPARTMENT OF STATE FOR PROVINCES (Concluded)

this attitude. Everything became centralized in Ontario and Quebec."

New Brunswick Brief

p. 7

IMPROVEMENT OF RELATIONS

ESTABLISHMENT OF DOMINION-PROVINCIAL BOARD TO DEAL WITH ALL MATTERS

New Brunswick's Recommendation:

Mr. Stewart: "In your presentation a little earlier, you suggested that the ten ministers, the Dominion and the nine provincial ministers, should form a permanent body to deal with provincial grants?"

Hon. Mr. Jones: "Yes, that is the suggestion; and that it should be, not only for grants-in-aid, but everything that comes up. What we want, although we have a department of federal affairs and have had for some time, is to have a means of getting in touch with the Dominion Government. If we wish to communicate with the Dominion Government concerning a certain matter, we have to deal with an individual department. There is no method of contact, other than by communication with a certain department. Our government takes it up with that department. Then, some other matter is taken up with another department. If this system were established, everything which had to do with provincial affairs would be taken up by this one board or department. Of course, I think it would be much superior to a Grants Commission, for several reasons. This would be a permanent Commission dealing with all matters, whereas a Grants Commission would deal with grants only. It looks to me as if a permanent Grants Commission would be a standing invitation to the provinces to try and get these grants, whereas, if this were a permanent Commission it may be able to settle other differences and it would not be a standing invitation to make application for further grants."

Report of Hearings

Fredericton, N.B., May 18, 1938

pp. 8544-45

IMPROVEMENT OF RELATIONS

ESTABLISHMENT OF PROVINCIAL DEPARTMENTS OF FEDERAL RELATIONS

New Brunswick's Recommendation:

"...there should be in each province a department of the government respecting federal relations as there now is in New Brunswick."

New Brunswick Brief

p. 7

POLICIES, EFFECT OF DOMINION

NECESSITY OF EQUALIZATION

Saskatchewan, Hon. Mr. Davis, for:

"We are not asking the rest of Canada to give us.....charity; we are not asking for any donation. All we want is equity..... Certain national policies operate to the advantage of certain Provinces ..... and to the disadvantage of others, and there must be some equalizing with the view to serving the interests of the nation as a whole."

Report of Hearings

Regina, Sask., December 13, 1937

p. 1619

Saskatchewan, Hon. Mr. Davis, for:

"If national policies give certain sections the advantage, so also must other national policies be directed to the relief of areas which have suffered. We ask that the whole problem be considered from the national standpoint."

Report of Hearings

Regina, Sask., December 14, 1937

p. 1734





RELATIONS, DOMINION - PROVINCIAL (Cont'd)

POLITICAL DOMINATION OF CONFEDERATION

ONTARIO'S DOMINATION

Ontario's influence in the government of Canada has grown "less influential with the growth of the Dominion." Figures are quoted in support of this statement.

Ontario Brief, Book 2

p. 9

PRECEDENTS

British Columbia, Hon. Mr. Farris, for:

If the relations to be established between the Provinces and the Dominions are to be fair and equitable in the future, the slate must first be wiped clean of any suggestion that anybody's hands are tied because of anything that has happened in the past.

Report of Hearings

Victoria, B.C., March 17, 1938

p. 4987

PROBLEMS

CONSTITUTIONAL SOLUTION OF PROBLEMS

New Brunswick's Position:

"We agree with the statement which the Honourable Mr. Dunning is reported to have made recently that 'the solution of our problems can be found within the principles of the British North America Act laid down seventy years ago.'"

New Brunswick Brief

p. 2

RE-EXAMINATION OF CONFEDERATION

MANNER OF RE-EXAMINATION

Ontario, Hon. Mitchell, F. Hepburn, for:

"May I, with all respect, go further to say that matters concerning the structure of Confederation should not have been assigned to a Commission (no matter the distinction of its membership). There may be a different view as to the approach to Confederation; personally I have always regarded Confederation as the outcome of conference. Holding that opinion, I hold that even the senior partner should not have empowered a Commission to proceed as your reference runs 'with a re-examination of the economic and financial basis of Confederation'. If there is to be a change in Confederation (in my opinion) it can be brought about only be renewed conferences of the representatives of the people and with unanimity of approval."

Ontario Brief, Book 1

pp. 3 & 4

RE-EXAMINATION OF ECONOMIC & FINANCIAL RELATIONS, METHOD OF

RECOMMENDATION FOR CONFERENCE

Ontario, Hon. Mitchell F. Hepburn, for:

"..... It would have been better to discuss provincial relations in conference rather than by trying to 'make cases' before a Commission. As it is, the account rendered at Winnipeg was broadcast across Canada as a piece of economic injustice to the Prairies (established by sober calculation of the statisticians) over a conference table set for ten... Manitoba's tariff brief would have been disposed of in the course of minutes as a bit of political arithmetic awry with reality."

Ontario Brief, Book 1

p. 25

RESPONSIBILITIES

NECESSITY FOR REALLOCATION

Manitoba, Hon. Mr. Garson, for:

"Enlarging the field of taxation does not even touch the problem. Some more fundamental adjustment (i. e., reallocation of responsibilities) is required."



RELATIONS, DOMINION - PROVINCIAL (Concluded)

RESPONSIBILITIES (Concluded)

NECESSITY FOR REALLOCATION (Concluded)

The argument is used that a mere extension of taxing powers, necessarily meaning invasion of the Dominion taxation field, would result in additional overlapping.

Report of Hearings

Winnipeg, Manitoba, December 1, 1937

p. 390

REVIEW OF PROVINCIAL POSITIONS, QUINQUENNIAL

British Columbia's Recommendation:

"3. Each Province should have the right of review of its position in Confederation quinquennially in order that no Province shall be placed in disadvantageous position in relation to the Dominion as a whole by reason of conditions over which it has no control."

British Columbia Brief

p. 351

RELATIONS, DOMINION - PROVINCIAL FINANCIAL

AID TO MUNICIPALITIES

ONTARIO'S AID TO MUNICIPALITIES

"The Government of Ontario is keenly aware of the problems of the municipalities and especially of the very inequitable tax-burden resting on real estate. The Province of Ontario has already made a beginning in this connection. Within the past two years the municipalities of Ontario have been relieved of their share of the costs of Provincial Highways, of Mothers' Allowances, of Old Age Pensions and Pensions for the Blind. Educational grants, and township road grants have been increased. The Province has, in addition given a subsidy of 1 mill to all cities, towns, incorporated villages and townships and has authorized the municipal taxation of liquor store premises. In this year's budget, additional educational and tuberculosis grants were provided. The annual value of these additional benefits approximates \$13,359,000. The Province realizes the importance, almost the necessity, of increasing the scale of these grants."

Ontario Brief, Book 2

p. 35

AID TO NEW BRUNSWICK

NECESSITY OF AID TO NEW BRUNSWICK BY DISTRIBUTION OF INCOME TAX OR SUBSIDIES

New Brunswick's Position:

Hon. Mr. Jones: "Yes, you cannot very well claim both, except in the alternative. If they are to keep those sources of revenue, if we are not able to have any recourse to them except as a secondary manner in regard to the income tax and so on, which would not be of any advantage to us in this province, then the Dominion must devise some means of taxing the well-off people for the benefit of the poor people. If we were to have taxation possibilities and collect the taxes, that would reduce any fiscal need we might have. I would not say it would eliminate it, but it would have an effect on it. The more money we can get from the Dominion either in that way or in recognition of some special claims that we have, would have an effect on our position in regard to the question of fiscal need. But we, unless all that can be done, feel that at least the recommendation made at the interprovincial conference to pay over half of it to the province on the per capita basis, would be acceptable in case the other suggestions were not carried out. What we say is, we should have something, if we get it one way we cannot want it another way. We want it only once, but we must have it either one way or the other."

Report of Hearings

Fredericton, N.B., May 18, 1938

p. 8604





RELATIONS, DOMINION - PROVINCIAL FINANCIAL

(Cont'd)

BUDGET, BALANCING OF

NOVA SCOTIA'S CONTENTION

Nova Scotia, Hon. Mr. Macdonald, for:

One of the major premises underlying the Nova Scotia Submission "is that each Province is entitled, if its administration be economic and its expenditures necessary.....to have at its disposal sufficient revenue.....to balance its budget in the absence of some extraordinary and temporary circumstances."

This postulation refers only to the opportunity of maintaining the standard of living normal throughout Canada.

Report of Hearings

Halifax, N.S., February 3, 1938

pp. 3864-65

CLAIMS, NEW BRUNSWICK'S

NECESSITY OF FURTHER FINANCIAL ASSISTANCE

New Brunswick's Case:

"But, although we are not in a hopeless position, it is necessary for us to have further financial assistance from the Dominion. We feel that the people of New Brunswick are entitled to the same standard of living as prevails in other provinces."

New Brunswick Brief

p. 19

DEBT, ONTARIO PUBLIC

AID TO CANADA

Ontario's Contention:

"Through its very heavy investments especially in the T. N. O. and in highways the Province of Ontario has made an enormous contribution to the economy of the whole Dominion of Canada."

The T. N. O. Railway opened up the rich northern Ontario mining fields. During the years 1931-35 the production and employment of this region provided "an invaluable cushion for the whole Canadian economy."

Ontario expenditure on highways has substantially helped build up Canada's important tourist traffic, "an item which has reached dominating proportions in Canada's balance of international payments."

Ontario Brief, Book 2

p. 35

DEFAULT OF PROVINCES

NATURE OF DOMINION AID

New Brunswick & Commission's Opinions:

Mr. Stewart: "Have you considered, in connection with this suggestion, the form in which the Dominion should have control over the finances of the province, in what form should that control be exercised?"

Hon. Mr. Jones: "I must say I would hardly be prepared to devise a plan at the moment, and I had not considered it before. This is a matter, I think, for those better acquainted with economics than I am. There ought to be some way that the question can be worked out. The Dominion could take charge of the revenue, that would be one way."

Commissioner Dafoe: "You do not suggest it would be possible for the Dominion Government to step in and collect provincial revenues, do you?"

Hon. Mr. Jones: "What I mean is that it would be possible to do anything that the provinces and the Dominion would agree to do. The province must agree before aid is rendered. Do you mean, would the Dominion have the power to collect?"





RELATIONS, DOMINION - PROVINCIAL FINANCIAL  
DEFAULT OF PROVINCES (Cont'd) (Cont'd)

NATURE OF DOMINION AID (Concluded)

Commissioner Dafoe: "The Dominion would have a fairly lively time trying to do it. In Australia, there is a provision by which, under certain circumstances, the federal government can intervene, but that is the result of a special agreement to which all the states agreed."

Hon. Mr. Jones: "There may be such an agreement here. In some form or other, it ought to be possible to work out a system whereby the Dominion would have certain provincial revenues which would be earmarked for the Dominion. The Dominion could have its auditors in the province and see that it is getting the tax. It may take a certain tax which the province imposes and take precautions to see that the tax is put in a trust fund for this province. As soon as that indebtedness is taken care of, then the tax could be restored to the province."

Commissioner Dafoe: "Would not the simplest thing be to charge the interest against the Dominion subsidy?"

Hon. Mr. Jones: "That might be a very good way to work it out. At any rate, I think it must be quite plain that no matter how reckless a province has been, the rest of us must try to look after it as we cannot afford to have it default."

Commissioner Dafoe: "That is, if it is in a co-operative mood?"

Hon. Mr. Jones: "Of course, if it is not, then everything has to go, but I think it would generally be found to be amenable if it thought it was going to get some money."

Commissioner MacKay: "Supposing a province is in the frame of mind where it does not want to pay its debts?"

Hon. Mr. Jones: "I hope we have not any members of our Confederation who would be as unreasonable as that."

Mr. Stewart: "I understand, Mr. Jones, you are not suggesting any constitutional change in order to give effect to these suggestions of yours? It is merely an agreement which would expedite the province and Dominion getting together and agreeing on some measure of financial control, is it not?"

Hon. Mr. Jones: "Yes, that is correct."

Mr. Stewart: "Would that be agreement between the Dominion and all the provinces or between the Dominion and a particular province?"

Hon. Mr. Jones: "Between the Dominion and one province would be sufficient. One of the western provinces has already received a relatively large advance in connection with relief. I am not sure what, if any, provisions have been made by the Dominion to insure repayment, but I take it that there have been provisions made. Having the power to make this advance without the consent of the provinces, surely it has the power to make arrangements whereby the money would be repaid."

Mr. Stewart: "Commissioner Dafoe referred to a method of collection which might be effective."

Hon. Mr. Jones: "That might be a very effective means, unless the province had already mortgaged the subsidy, although, I do not suppose that it could do that. It may be taken out of that subsidy gradually. The Province would have to economize in other respects in order to work out the difficulties. I think that might be a very good way."

Report of Hearings

Fredericton, N.B., May 18, 1938

pp. 8548-50



RELATIONS, DOMINION - PROVINCIAL FINANCIAL  
(Cont'd)

DEFAULT OF PROVINCES (Concluded)

NECESSITY OF DOMINION AID TO AVOID DEFAULT

New Brunswick's Recommendation:

"In the case of a province which claims that unless assistance is provided it must make default in payment of its obligations a different treatment is necessary.

"Neither the Dominion nor any of the provinces can afford to have a province make default. It is a blow at the credit of all the family.

"Therefore the Dominion must come in. The Dominion will grant assistance by means of a loan or a guarantee upon the condition that it have control of some part of the provincial finances until such time as the advances are repaid.

"Such a province must be helped through its government and not directly through the people."

New Brunswick Brief

p. 8

FINANCE, DOMINION

CENTRALIZATION OF JURISDICTION

Ontario's Position:

"The present tendencies in federal finance are towards centralization. This tendency is not to be desired or applauded. It is due largely to the aftermath of the War, the recrudescence of war mentality, and the emphasis on nationalism. The peace time needs of human civilization are being shamelessly neglected, and the centralization of finance aids and abets such a policy. When the world returns to a mood of sanity it will learn that states and local bodies are more suitable agencies of social welfare, and though administrative co-ordination is essential, finance must be more and more decentralized if the aims of human progress are to be achieved.....what is needed above all is a more solid financial status for states and for local bodies.' (Adarkar, 'Principles and Problems of Federal Finance,' pp. 4-5, paraphrased and compressed.)"

Ontario Brief, Book 2

pp. 35 & 36

FINANCE, DOMINION

TRANSFERENCE OF WEALTH FROM RICHER TO POORER STATES

Ontario's Position:

Prof. Taylor: "We entirely agree with the passage which Mr. Angus quoted expressing Professor Adarkar's point of view along similar lines."

Report of Hearings,

Toronto, Ont., May 5, 1938

p. 7799

Ontario's Position:

Commissioner Angus: "I was going back to the quotation on page 35 of your brief. I said that from memory I thought the Indian economist proceeds beyond the point you cited yesterday concerning the evils of centralization. I believed he went on to say something about the importance of the transference within a confederation from the richer to the poorer states. I thought that perhaps one might have on record what he does say concerning that principle. The quotation which we had yesterday ended with the words, 'What is needed above all is a more solid financial status for states and for local bodies.' He continues by saying, 'This can be achieved in either of two ways. Either they may be allowed to handle the sources of taxation as well as the proceeds, or, what is better, they may be allowed to enjoy the substance of financial power, subject to federal co-ordination and supervision by means of the various methods of "Finanzausgleich" or financial adjustments. These methods have been discussed in part 3.'

"Then there is a footnote referring to part 3 at page 194-195. At that point Mr. Adarkar says, 'Fierce wrangling has, more often than one could recollect, taken place between the governments of the





RELATIONS, DOMINION - PROVINCIAL FINANCIAL  
(Cont'd)

FINANCE, DOMINION (Concluded)

TRANSFERENCE OF WEALTH FROM RICHER TO POORER STATES (Concluded)

"federal units," in Canada, Australia and India as to the 'legitimate' share of each in the booty of federal surpluses or, conversely, as to the proportions of contributions to be made by each, as if it was a private affair between the governments concerned.'

"Then, it I might summarize, Mr. Adarker goes on to state that it is an important function of the federal system that the federal government should see that there is actually a transference of wealth or of income, as it were, from the richer to the poorer states within the federation. That is to say, it is a theory of transference not based on supposed damage done by federal policies and not based particularly on fiscal need, but based on the idea of more or less equalizing conditions within the federation. This is a view which has, perhaps, been mentioned in only one of the Canadian provinces, but I thought that since Professor Adarker had been cited as an authority, that it would be proper to point out that that is the way he faces the general issue before us."

Mr. Walters: "May I say in this connection that in view of the methods of collection, this Government is heartily in accord with the views advanced by Professor Adakar as to the necessity of the transference of wealth and purchasing power. This government demonstrates that belief in the subsidies which it grants to the municipalities and it recognizes it in the progressive taxes by means of which wealth is transferred from an individual in one state to an economic class in another. This Government is in accord with that view which has been expressed."

Report of Hearings

Toronto, Ont., May 4, 1938

pp. 7607-09

INTER-COLONIAL RAILWAY

DOMINION RESPONSIBILITY

Maritime Board of Trade's Position:

"The line constituted in its inception, however, and remains to-day an essential national undertaking. Besides forming the original link in what has since become the extended and multiple chain of railway communication that connects from east to west the geographically disjointed belt of Canadian Confederation, the Intercolonial continues to serve as the principal purely Canadian outlet, available throughout the year, to the Atlantic seaboard. So if to-day the Intercolonial, forming with the National Transcontinental Railway the eastern lines of the Canadian National System, seems to present many of the aspects of commercial failure, it should be remembered that its economic defects are to a great extent inseparable from an origin that had its roots, and remains rooted, in the broader considerations of public policy."

Report of Hearings

Fredericton, N.B., May 20, 1938

p. 8864

INVESTIGATION

CONDITIONS NECESSARY TO INVESTIGATION

Quebec's Submission:

"L'étude de la structure financière du pays et de ses parties constitutives, en vue de modifications possibles, ne devait être entreprise qu'après consultation et avec l'assentiment des provinces, représentées par leur Législature respective. Cette province a toujours été prête et est encore prête à collaborer avec les autorités fédérales et provinciales, pour procurer une plus grande somme de bien-être à la population du pays. Mais elle ne peut pas consentir à sacrifier ses prérogatives de province autonome, même si elle y est invitée sous le prétexte de travailler au bien commun."

English Translation: "The study of the financial structure of a country and its constituent parts, with a view to possible modifications, should only be undertaken after conferences and with the agreement of the provinces, represented by their respective legislatures. This



RELATIONS, DOMINION - PROVINCIAL FINANCIAL  
(Cont'd)

INVESTIGATION (Concluded)

CONDITIONS NECESSARY TO INVESTIGATION (Concluded)

province has always been ready and is still ready to collaborate with Dominion and provincial authorities to bring about the greater well-being of the people. But it cannot agree to give up the prerogatives of an autonomous province, even if it is asked to do it under the pretext of working for the common good."

Report of Hearings

Quebec, P.Q., May 12, 1938

p. 8130

POWERS AND RESPONSIBILITIES, DIVISION OF

Nova Scotia, Hon. Mr. Macdonald, for:

Is not quite sure whether the recommendations by Nova Scotia to the Commission would have to apply to all the Provinces, or whether the Dominion could treat individually with separate Provinces in the matter of reallocating taxation powers and responsibilities. At the suggestion of the Chairman he feels that perhaps Nova Scotia would like to see a certain redistribution of revenue sources and responsibilities as between all the Provinces and the Dominion. However separate Provinces would have to be treated individually on the basis of fiscal need, when it came to determining the amount of Federal subsidy or grant.

(From an examination of the Daily Record it seems that the Hon. Mr. Macdonald is not quite sure of the implication of Nova Scotia's proposals.)

Report of Hearings

Halifax, N.S., February 4, 1938

p. 3978-90

POWERS TO PROVINCES, FURTHER

PROBLEMS OF FINANCING FURTHER POWERS TO PROVINCES

Ontario, Hon. Mitchell F. Hepburn, for:

"If, however, it is proposed that the provinces shall take over additional functions, it remains to consider whether the revenues required for the purpose shall be supplied by (a) further federal subsidies, or (b) by an assignment of taxable sources that, by their nature are related to the specific services requiring expenditures."

Ontario Brief, Book 1

p. 10

RELIEF TO PROVINCES

NECESSITY OF ADEQUATE SCHEME OF RELIEF TO PROVINCES BY SUBSIDIES,  
PROVINCIAL COLLECTION OF INCOME TAX, OR OTHERWISE

The Chairman: "Mr. Cross, I must say I have been rather impressed in the course of these hearings with the difficulties that are inherent in these grants-in-aid, that differences of opinion may arise between the various authorities as to the amount each should contribute; whether that system aids in the maintenance of the best possible relations between the different governments, or whether some other method could be devised which would be better, and which would tend more to smooth the relations between the various governmental bodies."

Hon. Mr. Cross: "Yes, Mr. Chairman, it is quite true that the system of grants-in-aid is subject to the objection that you have pointed out, and if this commission can make some suggestion as to a better method of handling it..."

The Chairman: "I do not know whether we can or not, but I think you will agree that it would be advisable to devise some method whereby each government could collect its own taxes."

Hon. Mr. Cross: "That is what I had in mind in the last paragraph there when I made a suggestion with respect to the province collecting the income tax, sufficient to take care of what the Federal Government otherwise contributes. Whether it should be handled in that form or in the form of an increased subsidy it would eliminate one of the bodies from this three-government system of grants-in-aid."





RELATIONS, DOMINION - PROVINCIAL FINANCIAL  
(Cont'd)

RELIEF TO PROVINCES (Concluded)

NECESSITY OF ADEQUATE SCHEME OF RELIEF TO PROVINCES BY SUBSIDIES,  
PROVINCIAL COLLECTION OF INCOME TAX, OR OTHERWISE (Concluded)

The Chairman: "If we had only this province to deal with, Mr. Cross, that might be a very simple solution, and a very reasonable one, but our difficulty is that, on the facts presented to us, there are several of the provinces which could not carry their relief load if they had this provision of the income tax. We have to try and work out some method for dealing with them, and whether we should have a common method for all or different methods, is a difficult problem."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7738-39

REVISION, REASONS FOR

British Columbia:

British Columbia joins with the other Provinces in asserting the need for a general revision of the financial relations between the Dominion and the Provinces, because:

1. The duties and functions of the Provinces have increased far beyond what was in the minds of anyone at Confederation.
2. In addition, the Provinces are now loaded with obligations in connection with unemployment.
3. There has been no provision for either increased grants or enlarged powers of taxation adequate to meet these new burdens.

"Brief of Argument"

p. 3

ROADS

DOMINION SHARE IN FINANCIAL BURDEN

New Brunswick's Recommendation:

"In view of the fact that the Province of New Brunswick has provided highways of such a nature as to be necessary in time of peace and for the protection of the nation in time of war and has incurred a relatively large amount of public indebtedness in their construction, it seems only fair that the Dominion should assume part of this burden.

"We trust that the Commission may be able to recommend to the Government of Canada that some concession be made to the Province in respect of highway construction."

New Brunswick Brief

p. 46

TAXATION AND EXPENDITURE IN BRITISH COLUMBIA

SOUNDNESS OF ARGUMENT

British Columbia, Hon. Mr. Farris, for:

In the past the argument has been used by British Columbia that the Dominion tax collections in British Columbia far exceeded the expenditures of that Government in this Province. It was argued that such a state of affairs was unfair to the people of British Columbia. "I think it is unsound to consider it" (i.e., this argument) "at all because expenditures made by Canada out of national revenue is money spent for Canada, it is not spent for one Province any more than for another. You could collect revenue from British Columbia and then start allocating it back to where the tax came from, but it is unsound in application."

Report of Hearings

Victoria, B. C. March 16, 1938

p. 4912

WEALTH OF COUNTRY

TRANSFERENCE FROM WEALTHIER TO POORER PROVINCES

Mr. Stewart: "In effect, Mr. Jones, that really means that under your submission the citizens of the wealthier provinces should, through their





RELATIONS, DOMINION - PROVINCIAL FINANCIAL  
(Concluded)

WEALTH OF COUNTRY (Concluded)

TRANSFERENCE FROM WEALTHIER TO POORER PROVINCES (Concluded)

through their contribution to the Federal Treasury, make up the equality or comparable services in the less wealthy provinces."

Hon. Mr. Jones: "Yes, that is the theory we are advocating, and we say along that line that they had better do it,....."

Report of Hearings

Fredericton, N.B., May 18, 1938

p. 8531

WEALTH OF PROVINCES

CONCENTRATION OF WEALTH OF PROVINCES

"It is reasonably certain that taking good years with bad, the money" (for development of the West) "so invested has yielded no more, if as much, as a normal rate of interest.

"What proportion of the Western public and private debts are held in Ontario is not known. It should be noted, however, that a large part of the holdings that may be attributed to Ontario are merely held in trust by Ontario institutions for non-Ontario and non-Canadian beneficiaries.

"On balance, Ontario is not a 'creditor country!'"

Quotes figures to show that "there is no excessive concentration of 'unearned' income in Ontario. Indeed, it seems doubtful if, on balance, there is any net inflow of investment income into Ontario from the rest of Canada."

Ontario Brief, Book 2

pp. 8 & 9

RELIEF, POOR

RESPONSIBILITY, POSITION OF PRINCE EDWARD ISLAND ON

Prince Edward Island, Hon. Mr. Campbell, for:

"I think that ordinary poor relief is a natural obligation of the Province. I do not think the Dominion should take that over directly, nor do I think that any of the Provinces suggest that."

Report of Hearings

Charlottetown, P.E.I., February 11, 1938

p. 4519

RESEARCH

SERVICES, SOCIAL

EXTENSION OF SOCIAL SERVICE RESEARCH

British Columbia, Hon. Dr. Weir, for:

Submits orally a memorandum on the question of research in relation to Social Services.

Elaborates the thesis that the various government agencies of Canada are to-day spending \$250,000,000 a year, apart from education, on social services. This is approximately one quarter of the total public expenditures of all Canadian Governments. Notwithstanding this tremendous disbursement of public monies there is very little organized research under way regarding this huge segment of our public administration.

A substantial extension of organized research is urgently required to provide the knowledge necessary for the formulation of wise social service policies and for the effective training of administrative personnel. This is absolutely necessary if we are to obtain maximum economy and efficiency.

The Dominion Government should actively encourage and support research in the field of the social services, to be conducted under the



RESEARCH (Concluded)

SERVICES, SOCIAL (Concluded)

EXTENSION OF SOCIAL SERVICE RESEARCH (Concluded)

auspices of private organizations, notably the universities, as well as of the Government itself.

Report of Hearings

Victoria, B.C., March 25, 1938

pp. 5858-64

RESOURCES, NATURAL

ALIENATION, CLAIM RE

Saskatchewan's Submission:

In the matter of natural resources as the whole question of relationship between the Province and Canada is under review, Saskatchewan's historic claim in the matter of her alienated resources should likewise be reviewed and a recommendation made which will aid in settling this dispute.

Saskatchewan Brief

p. 272

ROADS

CONSTRUCTION AND MAINTENANCE, HIGHWAY

DOMINION RESPONSIBILITY

Manitoba, Hon. Mr. Garson, for:

While the building of roads was a proper function of the Provincial Governments at the time of Confederation it has become a responsibility of considerable importance that the change in degree is so pronounced as to constitute a difference in kind. It is no longer one of the "insignificant amount of work" left with the inexpensive local governments."

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 312

Saskatchewan's Submission:

Requests that the Dominion Government construct and maintain a trans-Canada highway of a permanent type and also permanent highways from the United States boundary to the several national parks of Canada.

Saskatchewan Brief

p. 332

Prince Edward Island, Hon. Mr. Campbell, for:

The Province retains the right to negotiate for or claim from the Dominion Government assistance in the matter of constructing hard-surfaced highways.

Report of Hearings

Charlottetown, P.E.I., February 11, 1938

pp. 4509-10

TRANS-CANADA HIGHWAYS

DIVISION OF COST OF TRANS-CANADA HIGHWAYS BETWEEN BRITISH COLUMBIA AND THE DOMINION

British Columbia's Recommendations:

"16. The Dominion should share equally with the Province the cost of all Trans-Canada Highways, as well as primary feeders. Roads leading to National Parks should be the sole responsibility of the Dominion."

British Columbia Brief

p. 353

SCREENINGS

ELEVATOR GRAIN SCREENINGS

FEDERAL SUPERVISION

British Columbia's Recommendation:

"23. Supervision of the disposal of elevator grain screenings, either whole or crushed, should be a Federal responsibility. The Provincial





SCREENINGS (Concluded)

ELEVATOR GRAIN SCREENINGS (Concluded)

FEDERAL SUPERVISION (Concluded)

Department should report to the Federal department on the suitability of the feed lots of farmers who may apply for screenings for live-stock feeding."

British Columbia Brief

p. 353

SENATE

REPRESENTATION, PRAIRIE

Saskatchewan, Hon. Mr. Davis, for:

The Saskatchewan Government feels that the Western Provinces should have relatively a slightly better representation in the Senate.

Report of Hearings

Regina, Sask., December 17, 1937

p. 2300

SERVICES, PUBLIC

JURISDICTION, TRANSFERENCE OF PROVINCIAL

RETENTION OF PROVINCIAL POWERS

Prince Edward Island's Case:

Prince Edward Island is strongly and unalterably attached to the principle of Provincial autonomy, and would be unwilling to consent to the forfeiture of any genuinely Provincial rights. However, a number of new public services have been evolved, which were not contemplated at Confederation, which are partly within Dominion jurisdiction, but which the Province cannot undertake because of the limitation of their revenues and the limitation of their scope of action. Such jurisdictions can be given to the Dominion Government without impairing Provincial autonomy.

Prince Edward Island Brief

p. 44

SERVICES, SOCIAL

ABUSE OF SOCIAL SERVICES

NOT THE RIGHT REMEDY FOR SOCIAL ILLS

Governments must provide employment as a remedy for social ills. Hon. Mitchell F. Hepburn contends that "the need for those 'social services' has come largely through the lack of social economy that insures a wide distribution of the proceeds of productive effort. The state is largely responsible. The state will pay the penalty with its life--unless it shapes its policy for the profitable employment of the great mass of its citizens. The government that arranges an economy under which one family out of every ten lives on 'social services' cannot survive and does not deserve to survive."

Ontario Brief, Book 1

p. 30

ADMINISTRATION

"...What has happened in modern times to necessitate changes in the set-up of our Constitution? What of these social services unforeseen by the Fathers of Confederation?...You have heard much of the nature and need of modern social services the past several months; and now, Mr. Chairman, I want to discuss the relative capacity of governments to administer those services."

Ontario Brief, Book 1

p. 6

ADMINISTRATION

EFFICIENCY OF DOMINION ADMINISTRATION OF SUBSIDIZED SERVICES

New Brunswick's Position:

"It may be alleged that Dominion administration would be more efficient. We doubt that. The history of the Dominion discloses that



S E R V I C E S, S O C I A L (Cont'd)

ADMINISTRATION (Concluded)

EFFICIENCY OF DOMINION ADMINISTRATION OF SUBSIDIZED SERVICES  
(Concluded)

there has been no less recklessness and improvidence in administration than has prevailed in the provinces."

New Brunswick Brief

p. 4

BURDEN ON PROVINCES

EFFECT ON MANITOBA

Manitoba, Hon. Mr. Garson, for:

The responsibility of the Provincial Governments for social services has forced the Government of Manitoba to impose direct taxation upon the people of Manitoba beyond any limits which could possibly have been conceived when the financial plan of Confederation was enacted.

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 319

CONFERENCES

HOLDING OF CONFERENCE

Ontario's Position:

"When the time comes that there is substantial unanimity among the provinces as to the objectives of state policy, the most suitable types of legislation, and the proper administrative machinery of control, it will be the proper time for the provinces to confer as to the desirability of developing either reciprocal agreements or uniform legislation, or possibly of inviting the Dominion Government to assume administration or other responsibilities in the co-ordination of provincial schemes."

Ontario Brief, Book 2

pp. 69 & 70

COST OF SOCIAL SERVICES

MAINTENENCE BY ONTARIO

Ontario's Position:

"The Government of Ontario is willing and able to assume all these costs. All it asks is that the Dominion refrain from encroaching on its proper sources of revenue, and refrain from destroying the financial balance of Confederation by taking the lion's share of personal income taxes and the revenues arising directly out of the exploitation of natural resources."

Ontario Brief, Book 2

p. 70

COST OF SOCIAL SERVICES

REASON FOR IMPOSSIBILITY OF PAYING COST

Saskatchewan's Submission:

With the relief problem treated as a national responsibility and assuming Saskatchewan can arrange to refund the balance of its debt on a 30-year basis at 3 1/2 %, a reasonably optimistic estimate of future revenue falls \$2,800,000 short of meeting the cost of social services. It is impossible for the Province to meet the responsibilities arising from a new social philosophy out of its present limited tax basis.

Saskatchewan Brief

pp. 313 & 319

DOMINION AID AND JURISDICTION

MANITOBA PLAN

Manitoba, Hon. Mr. Bracken, for:

Feels that Manitoba's suggested plan for re-allocation of services, under which the Dominion would pay 50 per cent of the cost, should





SERVICES, SOCIAL (Cont'd)

DOMINION AID AND JURISDICTION (Concluded)

MANITOBA PLAN (Concluded)

be in the nature of a conditional grant by the Dominion "so that they would have some control over the way in which the funds were used."

Report of Hearings

Winnipeg, Man., December 3, 1937

p. 700

EXPENDITURES, PARSIMONY IN

Prince Edward Island, Hon. Mr. Campbell, for:

Prince Edward Island has been extremely frugal in its expenditures for social services. There are no Mothers' Allowances. There is no technical education. Until recent years nothing was spent on hospitalization or public services.

Report of Hearings

Charlottetown, P.E.I., February. 10, 1938

p. 4447

FINANCING

NECESSITY OF EVERYBODY POSSIBLE PAYING TAXES

Ontario's Position:

The Chairman: "There is one further question on this very interesting problem. It was presented to us by many mayors, not only presented in this province, but presented in other provinces, as well, that one of the practical problems of municipal administration, one of the greatest difficulties of municipal administration, and they did not limit this to unemployment relief, but social services, although unemployment was the main one, was the fact that so large a percentage of the total voting population paid no taxes, were therefore not interested in the question of the tax rate. I think we had figures given us in one city where perhaps three to one of the population did not make any contribution to taxes. These representatives strongly stressed the importance, if you would have efficient and economical municipal government, of having each citizen, who had the ability to pay taxes, contribute in some form to the cost of municipal government, so as to give him a real interest in it and in its economical and efficient administration."

Hon. Mr. Cross: "I might say, Mr. Chairman, there is much force in what you have said but I would not care to express any opinion upon the matter without consulting my colleagues. The representations that have been made to you have been made from time to time to the government but it has not been decided to take any definite action with respect thereto."

Report of Hearings

Toronto, Ont., May 4, 1938

pp. 7717-18

HEALTH AND WELFARE SERVICES

CO-OPERATION AND RESPONSIBILITY, DOMINION-PROVINCIAL

British Columbia's Recommendation:

"12. The Dominion and the Provinces should co-operate more fully in the matter of health and welfare services. Primary responsibility for these services (apart from unemployment relief) should remain with the Provinces, but the Dominion should assume a general obligation to assist the Provinces in the performance of these functions. In particular, the Dominion should perform technical services such as research, statistics, publicity, and planning of general value and to give grants-in-aid to support significant services."

British Columbia Brief

p. 352

HOUSING PROBLEM

SOLUTION OF HOUSING PROBLEM

"The Government of Ontario is convinced that there is a serious housing problem and that unless conditions change it will become





S E R V I C E S, S O C I A L (Cont'd)

HOUSING PROBLEM (Concluded)

SOLUTION OF HOUSING PROBLEM (Concluded)

increasingly serious. To meet this situation slum-clearance schemes and governmentally supervised housing programs have an important place. But it is equally certain that an indirect attack on the problem has an even greater prospect of permanent success. Lower real estate taxes and low interest rates together with greater economic security, are probably in the long run, more useful lines of attack on the housing problem than the often spectacular programs of mass demolition and rebuilding. There are situations where extensive reconstruction or actual demolition and rebuilding are the proper solution, and such schemes normally require some measure of governmental support. But for all of prevention and much of the cure of the housing problems, low real estate taxes, low interest rates and sound city or town planning are the main requisites. Cheap credit; lower real estate taxes mean improvement in the standards of municipal efficiency and the reduction in the burden of municipal administration."

Ontario Brief, Book 2

p. 34

Mr. St. Laurent: "Mr. Walters, at page 34 of the second book, there is the statement made that, 'The government of Ontario is convinced that there is a serious housing problem,' which has made itself felt in the country during the last seven or eight years, that is the view of the Ontario government, is it not?"

Mr. Walters: "That is the view."

Mr. St. Laurent: "And that relief from that housing problem will probably involve the necessity of reducing the burden on real estate taxation?"

Mr. Walters: "That is correct."

Report of Hearings  
Toronto, Ont., May 5, 1938

p. 7836

JURISDICTION

IMPOSSIBILITY OF TRANSFERRING PROVINCIAL JURISDICTION TO DOMINION

Commission Sirois: "Could some of them" (social services) "be transferred? You say 'not many'?"

Mr. Walters: "Not the social services, no."

Commissioner Sirois: "None?"

Mr. Walters: "I do not think so."

Commissioner Sirois: "Because you say 'many'."

Mr. Walters: "Not unless there was a change in the allocation of revenue. And then we get back to the point of the public authority that collects the tax, the public authority to supervise expenditure."

Report of Hearings  
Toronto, Ont., May 3, 1938

p. 7545

JURISDICTION

PROVINCIAL JURISDICTION

Ontario's Position:

Ontario contends that so far there is no unity of policy in the matter of social services. "Unquestionably the proper answers to all these questions differ with the circumstances, the economic organization, and the public morality predominant in each region. Under these circumstances the provinces should be left free in these fields to follow their own lines of historical development."

Ontario Brief, Book 2

p. 69



S E R V I C E S, S O C I A L (Cont'd)

JURISDICTION (Cont'd)

PROVINCIAL JURISDICTION (Cont'd)

Ontario's Position:

"The Government of Ontario believes that all the functions of the state commonly grouped under the general title of the social services can be administered best by the Province from the standpoint of both financial and human efficiency."  
Ontario Brief, Book 2

p. 69

RESPONSIBILITY

PLAN FOR REALLOCATION

Manitoba's Case:

Proposal for Reallocation of Responsibilities Between the  
Dominion and Provincial Governments

1. The Dominion to assume full responsibility for the financing and administration of unemployment relief.
2. The Dominion to accept responsibility for the total cost of Old Age Pensions.
3. The Dominion to share with the Provinces on a substantially 50-50 basis the cost of:
  - Mother's Allowances
  - Hospitalization
  - Care of the Mentally Afflicted
  - Public Health Services
  - Highway Construction and Maintenance.
  - Technical Education
4. The Province to give to the Dominion the sole power to collect succession duties.

Manitoba Brief, Part 8

p. 55

RESPONSIBILITY

PLAN FOR REALLOCATION

Manitoba's Case:

"If essential parts of this joint plan" (the debt reconstitution plan and that for reallocation of services. (See former under:  
Debt, Provincial Public  
Reconstitution of Provincial Debts,  
Manitoba's Plan for)

"should not be found acceptable, the Province cannot undertake beforehand to agree to other parts."

Manitoba Brief, Part 8

p. 58

RESPONSIBILITY

RECOMMENDATIONS

Saskatchewan's Submission:

Reallocation of Social Services

The Government of Saskatchewan specifically recommends:

1. That the entire responsibility for old age pensions be assumed by the Dominion.
2. That the Dominion enact a national scheme of unemployment insurance and suggests that it be contributory.
3. That consideration be given to the enactment of a national crop insurance scheme by the Dominion.
4. That such matters as minimum wages, hours of labour, period of rest, and generally all matters pertaining to labour, shall be dealt with by the Parliament of Canada under the national policy in that regard.
5. That direct relief be assumed by the Dominion Government as a social service of national concern.





SERVICES, SOCIAL (Cont'd)

RESPONSIBILITY (Concluded)

RECOMMENDATIONS (Concluded)

6. That consideration be given to the enactment of a national scheme of health insurance by the Dominion of Canada.
7. That consideration be given to the payment of a pension to all persons over 65 years of age, on a contributory basis, regardless of financial need.
8. That consideration should be given to amending introductory portion of Section 91 of the B.N.A. Act in such a manner as to give complete power to the Parliament of Canada to deal with any social service as it shall see fit.

Saskatchewan Brief

pp. 277, 283, 332 & 333.

STANDARDS, NATIONAL

Manitoba, Hon. Mr. Garson, for:

There should be a uniform national standard of relief and social services to which Canadians wherever they live are entitled. The entire administration and financing would have to be handled by the Dominion Government.

Report of Hearings

Winnipeg, Man., December 2, 1937

p. 439

STANDARDS, NATIONAL

MEANING OF TERM

Manitoba, Hon. Mr. Bracken, for:

By "uniform national standard of relief and social services" is not meant a uniform cash payment for relief right across Canada but a national minimum standard, in relation to the cost of living, etc.: in other words a minimum "real" standard.

Report of Hearings

Winnipeg, Man., December 2, 1937

p. 500

Saskatchewan, Hon. Mr. Davis, for:

Saskatchewan suggests that there should be a minimum standard of living for all Canadians but not a uniform standard. This last would imply a "share of wealth" philosophy which the Saskatchewan Government repudiates. The argument used is that all the Provinces "have been accepted into the family and should be fed at the same table": there is a responsibility upon Canada to see that all parts of the Confederation enjoy a certain standard of living. But beyond this minimum standard individual Provinces would be free to enjoy any surplus of natural resources that they happen to possess. It is therefore not suggested that the standard of living in every Canadian Province should be exactly the same, the rich donating to the poor.

Report of Hearings

Regina, Sask., December 9, 1937

pp. 1241-42

STANDARDS, NATIONAL

EFFECT OF MINIMUM NATIONAL STANDARD

Saskatchewan, Hon. Mr. Davis, for:

Does not suggest that it is the fundamental duty of the state to give the individual sufficient money to raise his standard of living but urges that national policies should be such as to enable him to do it for himself. States that Saskatchewan desires a minimum standard of social services throughout Canada rather than a minimum standard of living

States that such a policy would not entail subsidization of poor sub-marginal areas, as the measure of relief extended by the Dominion through social services would not be sufficient to completely maintain the population inhabiting uneconomic regions; hence there would be pressure upon persons living in sub-marginal areas to migrate to more economic regions.

Report of Hearings

Regina, Sask., December 16, 1937

pp. 2056-60



S E R V I C E S, S O C I A L (Concluded)

TRANSIENTS, COST OF PROVIDING SOCIAL SERVICES TO

British Columbia, Hon. Mr. Pattullo, for:

If the cost of providing Social Services to transients is to be charged back to the Province of residence and responsibility, the cost to be so charged should be the cost of the Social Services as given in British Columbia and not the cost of the Services that the person would have obtained in his Province of responsibility. It would be very difficult to ascertain what this last cost is.

Report of Hearings

Victoria, B.C., March 23, 1938

pp. 5562-63

URBAN AND RURAL SOCIAL SERVICES, DIFFERENCE BETWEEN

REASON FOR DIFFERENCE

Ontario, Hon. Mitchell F. Hepburn, for:

"...I shall stress the fact that many of the so-called modern social services arise out of the development of modern industrialism. The farmer's lot is a hard one; but it takes on generally different form, and requires a different treatment than the desperate plight of the wage-less--and often homeless--urban factory worker."

Ontario Brief, Book 1

p. 10

S T A T I S T I C A L C O U N C I L

REASONS FOR CREATION OF NATIONAL STATISTICAL COUNCIL; NO DUPLICATION OF SERVICES

Dominion, Dr. Coats, Dominion Statistician, for:

Dr. Coats: "The second aspect is one on which I wish to put emphasis, Mr. Chairman. We have multifarious and important relations with each province, but provision for holding conferences and for getting together is lacking. Duties of that kind are apt to be neglected even when one is seized of their importance. I think it would strengthen the Statistic Act --and my Minister has endorsed the suggestion which has been passed on to you-- if there were created a Statistical Council which would be required to meet once a year. That council would be limited to ten members. It would be a council for the discussion at least once a year, oftener if necessary but once a year at least, of the more pressing statistical problems at that moment requiring the getting together of the Dominion and provincial governments. We can do that of course ad hoc now, but if there were a clause in the Act providing for this getting together, it would ensure action. There is, of course, a provision which gives us access to any provincial government record or any municipal record. The point is that we need some body to provide systematically for Dominion-provincial discussion. The provinces are organizing statistically more and more, they have a central statistical Bureau in Quebec and they are setting one up in British Columbia; Nova Scotia has discussed it, and I hear that Ontario is likely to move in that direction. That of course simplifies the problem for us."

Chairman: "Do you think it necessary to have these provincial departments or branches dealing with statistics or could the federal department of statistics cover the whole ground?"

Dr. Coats: "It would cost us much more. A provision in the Act allows me as Dominion Statistician to delegate authority to a provincial authority--"

Chairman: "But I just want to get your view, Dr. Coats, on that point; whether you think that the provision functions more economically than it would be to have one department seeking to cover the whole ground?"

Dr. Coats: "I think so. Consider the annual and monthly returns from dairy factories. Now the Dairy Commissioner of British Columbia can best collect those data. He has the lists up to date; he knows the men, and he can deal with them more satisfactorily than we can. At the same time we can help by compiling the data and by furnishing general direction of policies. Local statisticians are





STATISTICAL COUNCIL (Concluded)

REASONS FOR CREATION OF NATIONAL STATISTICAL COUNCIL; NO DUPLICATION OF SERVICES (Concluded)

apt to get into a groove.

"I think if we had a provision in the Act in the Terms which I have suggested in the memorandum which has been handed to you, I believe it would keep our co-operative arrangements up-to-date. Referring again to your query, Mr. Chairman, I think devolution in these matters is a very good thing. So long as there is not going to be an entirely central governing body, I don't think you can divorce statistics from administration."

Report of Hearings

Ottawa, Ont., January 31, 1938

pp. 3844-46

SUBSIDIES

ADDITIONAL

British Columbia, Hon. Mr. Pattullo, for:

"It might be advantageous for the Dominion to grant special and additional subsidies for specific purposes."

Report of Hearings,

Victoria, B.C., March 23, 1938

p. 5533

ADDITIONAL

EFFECT OF TARIFF

British Columbia, Hon. Mr. Pattullo, for:

British Columbia does not desire a repeal of the protective tariff as the Provinces of Ontario and Quebec would suffer, but under the circumstances the Dominion Government could well consider making some additional allowance to this Province because of the disabilities suffered by reason of the tariff and other policies.

Report of Hearings

Victoria, B.C., March 25, 1938

p. 5915

ADDITIONAL

METHOD OF FINANCING ADDITIONAL SUBSIDIES

New Brunswick's Position:

"On hearing by this Commission in one of the provinces counsel was asked to suggest some plan by which the Dominion would be able to finance for increased allowances to the provinces.

"It would seem to be difficult to recommend any complete method, at least until the re-examination of the economic position of the Dominion is completed as we presume it will be by this Commission and the facts made available to the provinces."

New Brunswick Brief

p. 73

ADJUSTMENT

British Columbia, Hon. Mr. Pattullo, for:

"British Columbia suggests that per capita grants should be adjusted for all Provinces quinquennially."

Report of Hearings

Victoria, B.C., March 23, 1938

p. 5530

ADJUSTMENT

Quebec's Submission:

"On peut affirmer que le gouvernement central ne s'est jamais pleinement acquitté de cette obligation envers les provinces et qu'en particulier celles que ont formé la Confédération n'ont jamais reçu ce qu'en équité elles auraient dû recevoir; surtout si l'on considère que dès le début et toujours elles ont largement et très généreusement contribué au développement des nouvelles provinces et de la Confédération en général.

.....





SUBSIDIES (Cont'd)

ADJUSTMENT (Concluded)

"Le gouvernement de cette province est d'avis que les subsides fédéraux payables aux provinces devraient être rajustés et les sources de revenu redistribuées entre le gouvernement central et les provinces, en tenant compte du chiffre de la population des différentes provinces, des besoins actuels de chacune d'elles et aussi des sacrifices que certaines d'entre elles se sont imposées pour le développement du pays."

English Translation: "It is submitted that the Dominion Government has never completely satisfied this obligation towards the provinces, and then in particular those provinces which formed Confederation never received what in fairness they should have received, especially if it is taken into consideration they have continually contributed generously to the development of the new provinces, and of Confederation in general."

.....  
"The government of this province is of the opinion that Dominion subsidies to the provinces ought to be adjusted and sources of revenue redistributed between the Dominion Government and the provinces, taking count of the total amount of population of different provinces, of the actual needs of each one of them and also the sacrifices which certain of them have made for the development of the country."

Report of Hearings

Quebec, P.Q., May 12, 1938

p. 8136

AGRICULTURE

RESTORATION OF SUBSIDIES FOR AGRICULTURAL EDUCATION, AND EXPENDITURE BY PROVINCES WITH DOMINION SUPERVISION

New Brunswick's Submission:

"At the Dominion-Provincial conference in 1935 a resolution was moved by the Minister of Agriculture for New Brunswick, seconded by the Minister of Agriculture for Ontario and adopted in the following terms:

"Resolved: That the committee on agriculture and marketing of the Dominion-Provincial conference respectfully express the opinion that the most effective assistance which the Dominion Department of Agriculture can render to agricultural education would be by restoring the former grant in aid of agriculture of \$1,000,000 per years for a period of ten years, to be expended by the provincial departments of agriculture, according to agreement with the Dominion department, and under the supervision of an official of the Dominion Department of Agriculture appointed for that purpose."

"Our submission is that the Commission may be able to recommend the above mentioned assistance be given."

New Brunswick Brief

p. 70

AID TO NEW BRUNSWICK

PREFERENCE FOR SUBSIDIES

New Brunswick's Position:

Commissioner Dafoe: "But in view of what you have said I would be inclined to question whether you are earnest in wanting the Dominion to turn over the income tax to the provinces, because in that case the wealthy provinces would be very wealthy indeed and the resources which you and most of the other provinces would get from the income tax would be very slender."

Hon. Mr. Jones: "I quite appreciate that, and I have that in mind and if anything further than that is intimated very strongly in the brief we must perhaps qualify it a little because in this province the income tax would yield comparatively very little money, and therefore while I did say that the Dominion invaded our rights in that respect I think that we would prefer that they should tax the rich and give us a fair proportion of it, on the lines of fiscal need."

Report of Hearings

Fredericton, N.B., May 18, 1938

pp. 8606-07



## SUBSIDIES (Cont'd)

### BASIS OF SUBSIDIES

#### CONDITION OF POPULATION

Saskatchewan, Hon. Mr. Davis, for:

"The two questions that will run throughout (our) brief are the necessity of dealing with the matter of assistance rendered by the central authority on the basis of fiscal need, and the rectification of such fiscal policies as make it impossible for the people to live. The rectification of those policies will go a long way towards satisfying our fiscal needs."

Thus, while the fiscal requirements of the Government of Saskatchewan might be met with, that would not necessarily solve the problem: the main problem is the condition of the people of the Province.

Report of Hearings

Regina, Sask., December 9, 1937

p. 1231

### BASIS OF SUBSIDIES

#### FACTORS DETERMINING BASIS

Prince Edward Island, Hon. Mr. Campbell, for:

Is not opposed to the system of conditional subsidies, but is opposed to any percentage subsidy: feels that subsidies should be fixed in amount and determined from time to time by actual fiscal need and other factors.

Report of Hearings

Charlottetown, P.E.I., February 11, 1938

p. 4515

### BASIS OF SUBSIDIES

#### NECESSITY OF CONSIDERATION OF ALL FACTORS

British Columbia, Hon. Mr. Pattullo, for:

Suggests that it is up to the commission to establish sound governing principles as a basis for Dominion-Provincial relations. Neither population nor fiscal need is alone a sufficient basis of computation. However they should be considered along with such other factors as the incidence of the tariff, freight rates, the cost of government in relation to income, and the income tax in relation to exhausting resources.

Report of Hearings

Victoria, B.C., March 23, 1938

p. 5538

### BASIS OF SUBSIDIES

#### OBSERVATIONS ON BASIS OF SUBSIDIES

Saskatchewan's Submission:

In regard to Dominion subsidies, the Government of Saskatchewan makes the following observations:

1. No rigid scheme of payment is possible, or desirable. There are so many variable factors in the changing social life that any rigid scheme is bound to fail.
2. Fiscal need might be accepted as the reasonable basis for assistance, although the Dominion is entitled to certain safeguards to insure the exercising of reasonable economy.
3. Population is not necessarily any accurate indication of fiscal need.
4. The only present element of elasticity in the subsidy structure is changes in population.
5. The existing subsidy arrangement takes no account of the amazing growth of social services since 1907.
6. No account is taken of the cumulative effect of certain national policies which work to the disadvantage of several Provinces.

Saskatchewan Brief

p. 15





SUBSIDIES (Cont'd)

BASIS OF SUBSIDIES, DISABILITIES AS

PRACTICABILITY OF SUBSIDIES BASED ON DISABILITIES

Manitoba, Hon. Mr. Garson, for:

Feels that the establishment of a Dominion subsidy to the Provinces, granted on a sliding scale based upon a certain index to be agreed upon and reflecting estimated disadvantages, while sound enough in theory would be too difficult in practice. The Government of Manitoba while prepared to explore the possibilities of such a scheme is dubious of its practicability.

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 395

Manitoba, Hon. Mr. Garson, for:

Short of the Dominion assuming responsibility for the financing and administration of relief, Manitoba feels that a special Federal Tax levied upon the whole nation, and distributed to the Provinces upon a per capita basis of relief population, is the only practicable solution of the problem of financing relief.

Even if it could be shown that relief could be administered more efficiently under the present scheme than by the Dominion, Manitoba feels that such a tax is necessary.

However, Manitoba feels that Dominion administration is so much more efficient than the present scheme that even were such a tax not levied it recommends that the Dominion Government should take over the administration of relief as a move thoroughly desirable in itself.

Report of Hearings

Winnipeg, Man., December 1, 1937

pp. 395 & 396

BRITISH COLUMBIA SUBSIDY

BASIS OF BRITISH COLUMBIA'S SUBSIDY

Nova Scotia, Hon. Mr. Macdonald, for:

States that the population of British Columbia, on entry of that Province into Confederation, was estimated at 50,000 when in reality it was 17,000.

"The Government did this solely for the purpose of giving British Columbia more money."

The basis was fiscal need, but this fictional population basis was resorted to.

Report of Hearings

Halifax, N.S., February 4, 1938

p. 3979

BRITISH COLUMBIA SUBSIDY

BRITISH COLUMBIA'S SHARE IN DOMINION SUBSIDY

Nova Scotia, Hon. Mr. Macdonald, for:

"I think British Columbia has not, perhaps, received its full share of subsidies in comparison with subsidies by some of the Provinces in the Dominion."

Report of Hearings

Halifax, N.S., February 4, 1938

p. 3978

CAPITALIZATION

Prince Edward Island's Case:

The proposed plan to capitalize the subsidies appears to us to have considerable merit. Superficially it might appear that this plan is of exceptional benefit to Prince Edward Island. This last is



SUBSIDIES (Cont'd)

CAPITALIZATION (Cont'd)

not correct, however, for the smallness of our debt does not mean that our financial needs are not considerable: rather is it an indication that we have lagged behind in the development of many necessary public services. We should not be penalized for our frugality and we believe that an examination of our position will show that expenditures have been curtailed to insure sound financing.

There are two major and unfortunate features of the subsidies system. Firstly, it is conducive to inter-Provincial bickering and jealousy. Secondly, there is little finality in these compromise arrangements.

The capitalization proposal would mean, in the case of Prince Edward Island, an excess sum of approximately \$15,000,000. We have proposed that this excess sum be placed to our credit at Ottawa, and that interest be paid thereon at 3%. The Provincial Government should be allowed to withdraw capital amounts from their credit.

Prince Edward Island Brief

p. 3

CAPITALIZATION

Prince Edward Island, Hon. Mr. Campbell, for:

As regards the proposal for capitalizing the subsidies, "while we are not primarily interested in that suggestion, we feel that it might be of considerable benefit to certain of the Provinces and to the Dominion as a whole. We are, therefore, prepared to endorse that proposal on the conditions maintained in our submission.

Report of Hearings

Charlottetown, P.E.I., February 11, 1938

p. 4453

CAPITALIZATION

British Columbia, Hon. Mr. Pattullo, for:

As regards per capita grants and other so-called subsidies paid to the Provinces, the position of British Columbia is that these payments are made in lieu of revenue surrendered. They are not sufficient to carry out certain public services as intended. In regard to the debt structure, and the Manitoba proposal that the Dominion Subsidy could be capitalized, British Columbia takes the position that there are so many factors complicating such a proposal that it would be impossible to arrive at any conclusion other than by deliberation and discussion between the Dominion and the Provinces.

Report of Hearings

Victoria, B.C., March 23, 1938

p. 5531

CAPITALIZATION

ADVANTAGE TO PRINCE EDWARD ISLAND

Prince Edward Island, Mr. James E. Wells, for:

The plan suggested to the Commission by various other Provinces whereby the Dominion subsidy might be capitalized and the resultant amount of the Provincial debt being taken over by the Dominion, is not of any great advantage to Prince Edward Island. However, insofar as this proposal is desired by various other Provinces, Prince Edward Island is not adverse to the enactment of such a scheme.

Report of Hearings

Charlottetown, P.E.I., February 10, 1938

p. 4538

CAPITALIZATION

RATE OF CAPITALIZATION

Prince Edward Island:

Discussion between the Chairman and Mr. Wells as to the rate of interest at which the Dominion subsidies should be capitalized. The Chairman suggested that 3% was too low and that in Saskatchewan so far as he recalled, the suggested rate was 3 1/4 %.

Report of Hearings

Charlottetown, P.E.I., February 10, 1938

pp. 4395-96





SUBSIDIES (Cont'd)

CAPITALIZATION (Cont'd)

SUGGESTIONS RE CAPITALIZATION

Prince Edward Island, Mr. James E. Wells, for:  
"It is proposed to capitalize the existing subsidies at 3% and to furnish entirely the system of unconditional subsidies, the capitalized amounts so arrived at to be applied to the reduction of Provincial debts."

In the case of Prince Edward Island, the proposed capitalization would exceed the Provincial debt by approximately \$15,000,000. It is suggested that this excess sum be held at Ottawa, and that Prince Edward Island be paid interest thereon at the rate of 3%.

Report of Hearings

Charlottetown, P.E.I., February 10, 1938

pp. 4391, 4393-94

Prince Edward Island, Mr. James E. Wells, for:  
Prince Edward Island desires that all Provinces be placed once more on a sound financial basis. In certain cases this could not be done simply by capitalizing the subsidies to be used to reduce Provincial debts. It might be a good thing if even a large proportion of some of the Provincial debts were assumed by the Federal Government, on the condition, of course, that the Provinces yielded up assistance and revenue commensurate with the burden being transferred to the Dominion.

Report of Hearings

Charlottetown, P.E.I., February 10, 1938

pp. 4399-400

CLAIM, SPECIAL

Prince Edward Island, Mr. Campbell, for:  
Tries to make a case for Prince Edward Island based on the fact that the Province does not possess at present, and did not possess at Confederation, any Crown lands. (Chairman critical of argument)

Report of Hearings

Charlottetown, P.E.I., February 10, 1938

pp. 4415-16

COAL

NECESSITY FOR FURTHER AID

New Brunswick's Submission:

"Our submission is that the subvention which was designed to afford assistance to the coal industry in Canada has not had the intended effect in this Province and that some provision should be made to meet the difficulties under which the mining industry here is operated.

"As above stated the subvention referred to, while not giving any assistance to our local industry, has had the effect of distinctly injuring such industry.

"Operations have been placed at a disadvantage in connection with the supply of coal to large consumers within the Province, through the operation of low per ton mile freight rates from Nova Scotia to such consumers in this Province thereby interfering very radically with the natural geographical advantage which New Brunswick would have."

New Brunswick Brief

p. 61

CONDITIONAL SUBSIDIES

Saskatchewan's Submission:

While the Government of Saskatchewan is not prepared to state a categorical opinion as regards a system of additional subsidies,





SUBSIDIES (Cont'd)

CONDITIONAL SUBSIDIES (Cont'd)

it desires to submit the following observations:

1. There is a temptation for Provincial Governments to undertake services quite at variance with the needs of the Province.
2. The subsidy may be withdrawn and the Province be left without the means of carrying through any undertaking already embarked upon.
3. The system is contrary to the notion of building up a spirit of responsibility on the part of the Provinces.

Saskatchewan Brief

p. 276

CONDITIONAL SUBSIDIES

ADVANTAGES OF CONDITIONAL SUBSIDIES

New Brunswick's Position:

"....That is our position, that if we have a need, it may be peculiar to New Brunswick, and therefore would have to be dealt with by this conditional subsidy; and this board that I speak of, of course, would have all the details as to that, but that this conditional system would work out for certain needs in one province, and not necessarily for the same needs, the same service, in another province I think it would have to clearly be for each province."

Report of Hearings

Fredericton, N.B., May 18, 1938

pp. 8536-37

CONDITIONAL SUBSIDIES

ADVISABILITY OF CONDITIONAL SUBSIDIES

Commissioner Angus: "Have you any general view as to whether it is a good system or not to have grants-in-aid which are conditional?"

Mr. Walters: "You mean grants-in-aid?"

Commissioner Angus: "Yes, from the Dominion to the province."

Mr. Walters: "As to whether they should be conditional or not?"

Commissioner Angus: "Is it a good system to have conditional grants and use them, as they have been used to secure more uniformity?"

Mr. Walters: "Yes, I think so, such grants as technical education are good. If the Dominion is to be held responsible for unemployment, it ought to have control over the type of education which is to be furnished to a young man. Young men are being educated to be actuaries, where they might be landscape gardeners."

Commissioner Angus: "You think it is the best way to get control?"

Mr. Walters: "Yes, I do."

Report of Hearings

Toronto, Ont., May 3, 1938

pp. 7566-67

CONDITIONAL SUBSIDIES

BASIS OF GRANTING SUBSIDIES

New Brunswick's Proposal:

Hon. Mr. Jones: "I think I can understand your suggestion. What we advocate is a conditional subsidy, not so much to the provinces, but to the needs of those particular governments or local municipalities, school districts or boards of health.

.....  
"....I would provide against that by the organization of a Dominion-Provincial Board, such as we advocate, to act as a grants-in-aid commission, and a subvention that is made in one year to any district or any province for certain purposes may be discontinued immediately on their report.  
.....



SUBSIDIES (Cont'd)

CONDITIONAL SUBSIDIES (Cont'd)

BASIS OF GRANTING SUBSIDIES (Concluded)

Commissioner Angus: "Well, the strong point of the grants has been stated by yourself to be that they can be discontinued or modified, and yet when we have heard the civil servants who have been in charge of the administration of these grants, they complained very bitterly that grants have been withdrawn and have been terminated unexpectedly. They have said that grants should be permanent once they are given; that it is a weakness in the system that it is subject to periodical revision."

Hon. Mr. Jones: "They refer more particularly to these ten year terms, and the result was that the administrators of the various services relied too much upon the idea that they would always be continued. Further than that, that they embarked upon expenditures which, if they had had any idea that these grants would be discontinued, would never have been undertaken. I think that is the idea expressed by the municipalities. But once they realize that this Commission is set up and that from year to year an adjustment might be made I think perhaps that difficulty might be overcome."

Report of Hearings

Fredericton, N.B., May 20, 1938

pp. 9001, 9005-06

CONDITIONAL SUBSIDIES

OPINION OF MANITOBA PLAN

Saskatchewan, Hon. Mr. Davis, for:

We are not in favour of any system of conditional subsidies, or the division of the cost of certain services, such as was suggested in Manitoba, varying with the amount expended.

Report of Hearings

Regina, Sask., December 14, 1937

p. 1841

CONFEDERATION GRANTS, BASIS OF

Saskatchewan's Submission:

The Confederation Debates indicate clearly that the contribution to be made from the Federal Treasury to the different provinces was measured by the anticipated fiscal needs.

Saskatchewan Brief

p. 11

DEBT ALLOWANCE

MEASURING OF NEW BRUNSWICK'S SUBMISSION

New Brunswick and Commission's Opinion:

Mr. Stewart: "It is clear from the White Commission Report that it made allowance to the province in respect of the same claim which is being made in your brief, would it not?"

Hon. Mr. Jones: "For which claim?"

Mr. Stewart: "The White Commission made an allowance....."

Hon. Mr. Jones: "To which claim are you referring?"

Mr. Stewart: "The claim in respect of the debt allowance."

Hon. Mr. Jones: "Oh, the debt allowance; it may be quite possible. We are not very much concerned about debt allowances. I mean to say, about any change in debt allowances."

Acting Chairman: "You end the reference in the brief by saying this: 'We submit that the debt allowance has outlived its intent, that the title is a misnomer and a cause of ill-feeling and should be abandoned and the payments incorporated in the readjusted grants to the provinces.'"





SUBSIDIES (Cont'd)

DEBT ALLOWANCE (Cont'd)

MEASURING OF NEW BRUNSWICK'S SUBMISSION (Concluded)

Hon. Mr. Jones: "That would be the principle of debt allowances."

Mr. Stewart: "It had outlived its usefulness with the maturity of the last of the bonds representing the provincial debt, that is your point, I would take it?"

Report of Hearings

Fredericton, N.B., May 20, 1938

pp. 800-01

DEBT ALLOWANCE

NEW BRUNSWICK'S CLAIMS

New Brunswick's Submission:

"We therefore submit that this Province is entitled to compensation from the Dominion Treasury for the loss it has sustained through preferred treatment given other provinces by debt allowances."

New Brunswick Brief

p. 53

DEBT ALLOWANCE

RECOMMENDATION FOR DISCONTINUANCE

New Brunswick's Submission:

"We submit that the debt allowance has outlived its intent, that the title is a misnomer and a cause of ill-feeling and should be abandoned and the payments incorporated in the readjusted grants to the provinces."

New Brunswick Brief

p. 53

DETERMINATION

BASIS OF DETERMINING SUBSIDIES

New Brunswick's Position:

Mr. Stewart: "Mr. Jones, do you indicate later in your brief the method of determining fiscal need?"

Hon. Mr. Jones: "In this way, that the method would be wholly by a comparison, not altogether from the fact that a province could not extort, I will not say 'extort', but recover some little further revenue by means of oppressive taxation or taxation upon the people, not that, but that the question of fiscal need must be determined by a comparison of the situation in the several provinces, and that it is a relative term."

New Brunswick's Position:

Mr. Stewart: "...But, what I do say is that it is a relative matter and, as I have indicated, it is not dependent upon whether some further taxes might be obtained from the people of a province. When a province shows it has administered its affairs fairly and reasonably, even though some mistakes may have been made or some extravagances may be shown--anyone is liable to make a mistake--but if that has been shown and it has been shown also that the province is not able to supply its people with the same treatment in respect of these social activities, as other provinces, then I think it is a case where fiscal need should be applied."

Report of Hearings

Fredericton, N.B., May 18, 1938

pp. 8506-08

DISTRIBUTION OF SUBSIDIES

UNIFORMITY OF DISTRIBUTION

Ontario's Position:

Mr. Walters: "...Financial relief could be given by increased subsidies. This Government makes no complaint, and does not consider



## SUBSIDIES (Cont'd)

### DISTRIBUTION OF SUBSIDIES (Concluded)

#### UNIFORMITY OF DISTRIBUTION (Concluded)

that it is any of its business what the Dominion Government does with its revenues, which are properly collected. That is their business and they are not responsible to this Government but responsible to the electors of Canada; and not a word of complaint has been said in this brief, nor will be said, in regard to the inequality that characterizes the manner in which subsidies are distributed. There is no complaint about that at all. It is quite within the power of the Dominion Government to increase its subsidies to the Western Provinces."

Commissioner Dafoe: "By that you mean interim subsidies as well as unconditional permanent subsidies?"

Mr. Walters: "Exactly, Dr. Dafoe."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7623

### EDUCATION

#### Ontario's Position:

Chairman: "Before continuing with that, Mr. Walters, these people also suggested that there should be a Dominion government grant, earmarked for education, but leaving it to the province to decide how it should be distributed as between the different educational organizations. It was contended that the municipalities could not afford to carry the costs of secondary schools."

Mr. Walters: "I do not think the principle is a very good one. I do not think the Dominion should contribute money for expenditures for something over which the Dominion has no jurisdiction.-----"

"The view of the government, sir, is, that that does not require a grant for education from the Dominion government."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7687

### EDUCATION

#### DOMINION SUBSIDIES FOR BRITISH COLUMBIA'S EDUCATION

##### New Brunswick's Opinion:

Dr. Peacock: "...Without offence and in all sincerity I feel that the administration of federal grants for education in British Columbia has been something of a national misfortune."

Report of Hearings

Fredericton, N.B., May 19, 1938

p. 3651

### EDUCATION

#### NECESSITY OF ADEQUATE DOMINION SUBSIDIES

##### New Brunswick's Submission:

"Our submission is that there should be grants-in-aid from the Dominion and that such grants be applied as directly as possible to the particular services in connection with education and that the sum of these grants should be such as to make it reasonably possible for the Province to educate its people as effectively as the people of other provinces are educated."

New Brunswick Brief

p. 39

### EDUCATION

#### NECESSITY OF FURTHER SUBSIDIES TO DEVELOP PROVINCIAL PROGRAM

##### New Brunswick's Submission:

"In 1936 a Department of Education, headed by a Minister of the Crown, was established in New Brunswick. Under that department





## SUBSIDIES (Cont'd)

### EDUCATION (Cont'd)

#### NECESSITY OF FURTHER SUBSIDIES TO DEVELOP PROVINCIAL PROGRAM (Concluded)

steps are being taken toward a new program of educational reform, by which the educational system of this Province may be on a par with that which obtains in other provinces.

"In order that this design may be carried out it is our submission that it will be necessary to obtain further moneys which may be devoted to that end."

New Brunswick Brief

p. 34

### EDUCATION

#### REASONS FOR DOMINION AID

##### New Brunswick's Case:

Dr. Peacock: "And in conclusion, it would seem that education though a particularly provincial prerogative may, under our constitution, according to precedent, have aid from Ottawa. It would seem that education has national implications. The mobility of labour is one. They train in one province and persons work in another.

"In the third case the service in New Brunswick is suffering from lack of financial support.

"Fourth, New Brunswick is not able alone to provide even the minimum program which modern educators and business people realize as necessary. That is, the fiscal need in connection with this is certainly being felt. And then we have ample precedent for federal grants on conditional subsidies for education.

"We submit that we should make possible a satisfactory minimum program that would be, of course, in all the provinces according to their special needs, and then after the minimum program our feeling is that if this province wants any special frills in its education, it should pay for them, but that the minimum program should be provided as a national necessity."

Report of Hearings

Fredericton, N.B., May 19, 1938

p. 8651-I

### EXPENDITURE

#### ECONOMICAL EXPENDITURE OF SUBSIDIES

##### New Brunswick's Opinion:

Commissioner MacKay: "What I was trying to do was to raise the general question, do you think any scheme whereby the Dominion contributes so much to the carrying out of a provincial objective, gives adequate protection to the Dominion?"

Hon. Mr. Jones: "Yes, I would think so. I would think every province would be sufficiently interested if it had to pay 25 per cent of it. It may be that some provinces are not prepared to pay more and some, in fact, feel that the Dominion should pay 90 per cent. I quite appreciate that that would raise the question to which you have referred. It may be that the Dominion should have greater control over the actual amounts granted, which is an authority exercised by the local administration."

Report of Hearings

Fredericton, N.B., May 18, 1938

p. 8515-16

### FISCAL NEED, ON BASIS OF

Saskatchewan, Hon. Mr. Davis, for:

In the financial arrangements between the Dominion and the Provinces in the past "regardless of what on the surface the basis of the arrangement arrived at purported to be, actually it was fiscal need. ....as for example in the estimate of the population of British Columbia in 1871."

Report of Hearings

Regina, Sask., December 9, 1937

p. 1229





SUBSIDIES (Cont'd)

FISCAL NEED, ON BASIS OF

Nova Scotia, Hon. Mr. Macdonald, for:

"We feel that fiscal need has been, and should be, the dominant factor in determining the amount of the subsidies."

Report of Hearings

Halifax, N.S., February 3, 1938

p. 3965

FISCAL NEED, ON BASIS OF

New Brunswick's Position:

Hon. Mr. Jones: "...I do not mean to say we give them the same houses but I think we ought to provide them with the same social services; we ought to provide them with the means of prevention of disease, venereal disease, tuberculosis, and cancer; we ought to provide them with a means of taking care of the feeble minded, and education, and all of those things. We do not say we ought to provide them with living conditions such as the better class of people have in cities, but everything comes down to what is reasonable. We want to be reasonable, and that depends upon circumstances in every case,--circumstances in every province, and in comparison with other provinces."

Commissioner Angus: "In other submissions we have had quite a sharp distinction drawn between a uniform standard of social services and a uniform standard of living. Is what you are asking for really a uniform standard of social services?"

Hon. Mr. Jones: "Yes, that is what it is. Perhaps I inadvertently used the word 'living' but it is a uniform standard of social service, that is what I really had in mind."

Report of Hearings

Fredericton, N.B., May 18, 1938

pp. 8562-63

FISCAL NEED, ON BASIS OF

DIFFICULTY OF USING SUBSIDIES ON BASIS OF FISCAL NEED

Manitoba, Hon. Mr. Garson, for:

The adjustments made from time to time to the Dominion subsidies to the Provinces have been "made upon the actual basis of fiscal need, whatever may have been the colorable basis set up as a formula for these adjustments." This has been true even of the conditional subsidies and is also true of the actual subsidies allowed to the Provinces which first entered Confederation.

If fiscal need is to be the real basis of subsidy allowance, the policy would be adopted frankly, and if it is to be retained as the main device of Dominion-Provincial financial relationships, it is necessary that a suitable formula for fiscal needs, applicable to all Provinces, should be determined.

However, as a pretense of equality of treatment would have to be abandoned thus evoking the hostility of the prosperous provinces there would be great difficulty in such a scheme. In addition it would be extraordinarily difficult to apply a formula even were it agreed upon. Manitoba does not feel that a modernization and readjustment of Dominion subsidies would be a satisfactory solution of Manitoba's problem.

Report of Hearings

Winnipeg, Man., December 1, 1937

pp. 392-394

FISCAL NEED, ON BASIS OF

ECONOMY AND COROLLARY

Saskatchewan, Hon. Mr. Davis, for:

"We could not expect the Treasury of Canada to pay money indiscriminately to support a Province, upon the basis of fiscal need, if that Province were extravagant and wasteful."

Report of Hearings

Regina, Sask., December 9, 1937

p. 1240



S U B S I D I E S (Cont'd)

FISCAL NEED, ON BASIS OF (Cont'd)

INVESTIGATION OF PROVINCIAL AFFAIRS ENTAILED

Prince Edward Island, Mr. Campbell, for:

Prince Edward Island is willing that, should the Grants Commission be appointed with the task to recommend subsidies largely on the basis of fiscal need, it would be appropriate for such a Commission, or its agents, to investigate the accounts of the Province, and of all Provinces, to establish whether or not there had been extravagance.

Report of Hearings

Charlottetown, P.E.I., February 10, 1938

p. 4430

FISCAL NEED, ON BASIS OF

NECESSITY OF GRANTING SUBSIDIES ON BASIS OF FISCAL NEED

New Brunswick's Submission:

"Our submission is that increased grants to the provinces should be made upon the principle of fiscal need but we do not agree with the proposition that the same relative assistance should be necessarily granted to all the provinces. It disregards the fundamental principle underlying Confederation.

"We agree that the principle of fiscal need must be applied to all of the provinces, but in the application of it, the fiscal need of each province should be considered separately."

New Brunswick Brief

p. 10

FISCAL NEED, ON BASIS OF

PROOF OF FISCAL NEED

Nova Scotia, Hon. Mr. Macdonald, for:

We recognize that if we are to make a successful claim on the basis of fiscal need we shall have to demonstrate:

1. That the Provincial administration is efficient and not extravagant.
2. That the provincial services now existing are not unduly in advance or more extensive than those of other Provinces.

3. That the Province is levying a fair burden of taxation.

Report of Hearings

Halifax, N.S., February 4, 1938

p. 4042

FISCAL NEED, ON BASIS OF

SUPERVISION, DOMINION

The Chairman:

If fiscal need is to be the basis of Federal aid does it not necessarily follow that there will have to be some measure of Federal supervision? Otherwise a Province might be recklessly extravagant and find itself embarrassed and would automatically receive Dominion assistance. What protective devices should be applied that would enable the Dominion to conserve its revenue?

Report of Hearings

Regina, Sask., December 9, 1937

p. 1239

FISHING INDUSTRY

NECESSITY FOR ADJUSTMENT OF BASIS OF SUBSIDIES

New Brunswick's Submission:

"It should be borne in mind as well that production methods in Nova Scotia are by larger vessel and the Province of New Brunswick is consequently penalized because it uses smaller equipment. Therefore bounty payment should be established on some basis to enable New Brunswick to share more equitably on the basis of employment and production."

New Brunswick Brief

p. 69





## SUBSIDIES (Cont'd)

### GRANTING OF SUBSIDIES

#### AGENCIES FOR GRANTING SUBSIDIES

##### New Brunswick's Position:

Mr. Stewart: "meant rather the tribunal by which fiscal need will be determined. Would that be by negotiation or by investigation by an independent tribunal?"

Hon. Mr. Jones: "I would say it might be either way. What was in my mind was that from the researches that are being made now through this commission, a set-up may be shown that would pretty well indicate the situation of the various provinces in that respect, and that whether it were done after that is shown, by some recommendation of this commission or by some further inquiry, I am not prepared to say which would be the most effective."

##### Report of Hearings

Fredericton, N.B., May 18, 1938

pp. 8506-07

### GRANTING OF SUBSIDIES

#### ESTABLISHMENT OF A GRANTS COMMISSION

##### New Brunswick's Position:

Commissioner Dafoe: "Mr. Jones, it is very important that some procedure should be set up to determine what additional grant should be made. This should be available to all provinces."

Hon. Mr. Jones: "Yes, that is correct."

Commissioner Dafoe: "This would seem to indicate the creation of some such body as the Australian Grants Commission rather than that there should be bi-lateral agreements between the Dominion and the provinces which would give rise, inevitably, to some other province saying that special pressure or special consideration had affected a particular decision."

Hon. Mr. Jones: "I am very glad, sir, that you make this suggestion now. What we propose in that connection, as will appear in the brief, is that something in the nature of a permanent or what might be regarded as a permanent commission be set up."

##### Report of Hearings

Fredericton, N.B., May 18, 1938

p. 8508

##### New Brunswick's Proposal:

Hon. Mr. Jones: "In answer to your question sir, I would say that we do propose the creation of a permanent organization to make recommendations in regard to these matters."

##### Report of Hearings

Fredericton, N.B., May 18, 1938

p. 8509

### GRANTING OF SUBSIDIES

#### OFFICES OF DOMINION DEPARTMENT OF SECRETARY OF STATE AND PROVINCIAL DEPARTMENTS OF FEDERAL RELATIONS

##### New Brunswick's Recommendation:

"It has been suggested in another province that a commission should be set up with power to determine and recommend with reference to grants to the provinces. We submit that under the scheme we propose such a commission would not be necessary. All of the facts from time to time would be available at Ottawa and to the several provincial governments through the Department of the Secretary of State for the Provinces."

##### New Brunswick Brief

pp. 7 & 8

### GRANTS AND LOAN COUNCIL, ESTABLISHMENT OF DOMINION

##### Prince Edward Island, Hon. Mr. Campbell, for:

Admits the danger that if fiscal need were to be made the acknowledged basis of Dominion grants there might be perpetual competition between Provinces urging additional grants. However, this danger would be minimized by the establishment of a grants and loan council. In addition, systematic and underlying principles would have to be



S U B S I D I E S (Cont'd)

GRANTS AND LOAN COUNCIL, ESTABLISHMENT OF DOMINION (Concluded)

established and the present vicious aspects of Dominion-Provincial relations, whereby the claims of various Provinces are settled behind the backs of the remainder, would be obviated.

"I really think that the actual recognition of the principle of fiscal need, which, as I say, has already been tacitly recognized, coupled with the arrangement of some national control, would minimize rather than exaggerate the danger of the principle of fiscal need."

Report of Hearings

Charlottetown, P.E.I., February 11, 1938

pp. 4455-56

HEALTH, PUBLIC

DOMINION RESPONSIBILITY IN ONTARIO

Ontario's Position:

Mr. St. Laurent: "Is there to be implied from this paragraph that the adequate assumption of the responsibility in regard to health seems to involve a federal grant?"

Dr. McGhie: "It does not in this province, outside of venereal disease and tuberculosis and the possibility of this other disease of which I spoke spreading from the west. Otherwise, I think this province is dealing quite adequately with its health problem."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7905

HEALTH, PUBLIC

REASON FOR NECESSITY OF DOMINION GRANTS

Ontario's Position:

Mr. St. Laurent: "On page four of the exhibit number 320, the first paragraph, there is a statement: 'The problem of the adequate assumption of their full responsibility by the province is one of cost. This problem would appear to justify the inference that grants made by the federal Department are necessary. Any consideration of the subject of grants by the federal government to the provinces in aid of a more effective public health programme must take into account...' these various conditions which you enumerate. Will you just elaborate upon that a little more; why should there be the inference that grants made by the federal department are necessary?"

Dr. McGhie: "In some of the diseases of which I have spoken--I only know through contact with the Canadian Council of Health--some of the situations were mentioned, I believe, in the brief which I submitted, such as sylvatic plague. This has spread from the United States into British Columbia; it is something we do not meet here at all, but it is something which would be a national problem if it spread from British Columbia across Canada. It is for this reason that we believe it is expedient for the national government to see that it does not spread. It is the same as leprosy or some of those conditions which might be brought in. Does that answer your question, sir?"

Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7904-05

INCREASE OF SUBSIDIES

Saskatchewan, Hon. Mr. Davis, for:

".....the conclusion remains that the subsidy presently payable to Saskatchewan must be increased. The increase must be substantial." Even with partial Dominion assumption of responsibility for social services as proposed in the recent submission, the increase in the subsidy will have to be substantial.

Report of Hearings

Regina, Sask., December 16, 1937

pp. 2108-09





S U B S I D I E S (Cont'd)

INTERIM SUBSIDY, REVISION OF

British Columbia, Hon. Mr. Farris, for:

Contents that Mr. Bennet was right, when he stated in the House of Commons, "one had only to compare (the grants by the Dominion to British Columbia) with the amount to the other three western Provinces to realize that even the \$750,000 paid did not put British Columbia on a basis of equality."

Contents that if Mr. Bennet's position is right, it is up to the Commission to determine how much more British Columbia should permanently receive in place of the interim subsidy of \$750,000.

Report of Hearings

Victoria, B.C., March 25, 1938

p. 5865

LAND GRANT

PURPOSE

British Columbia, Hon. Mr. Farris, for:

Reverses his previous argument that the \$100,000 given to British Columbia, supposedly in lieu of lands, was a subterfuge and a device.

Contents that in effect the allowance of \$100,000 by the Dominion to British Columbia at Confederation was a bona fide, legitimate, business transaction. The land grant was not a mere donation and contribution for Government.

Report of Hearings

Victoria, B.C., March 25, 1938

pp. 5870 & 5893

LAND GRANT

REDUCTION

Dominion of Canada, Mr. Stewart, for:

Asks whether in view of the fact the Province is now submitting that the \$100,000 annual grant should be compensation for lands transferred, should not the Commission make some adjustment of that payment now that the majority of the lands have been reconveyed to the Province?

Report of Hearings

Victoria, B.C., March 25, 1938

p. 5936

LAND GRANT AND DEBT ALLOWANCE

Commissioner MacKAY:

Suggests that perhaps the \$7,855,824 on page 13 of the "Brief of Argument", representing the difference between the interest and debt allowance actually received and the proposed terms made by British Columbia before Confederation, has largely been off-set by the additional \$100,000 a year, enjoyed over 66 years, and totalling \$6,600,000. If this \$100,000 additional yearly grant was in reality given as a device to meet British Columbia's minimum terms should not this amount be off-set against the claim set out on page 13 of the "Brief of Argument?"

Report of Hearings

Victoria, B.C., March 17, 1938

pp. 4995-97

MINIMUM REQUIRED, OUTLINE OF

Nova Scotia, Hon. Mr. MacDonald, for:

Nova Scotia needs \$1,500,000 a year in order to maintain satisfactory services as detailed in the written submission, without, however, considering the requirements of the sinking fund. Should the Dominion assume responsibility of Old Age Pensions this would save the Province about \$650,000.00 a year: in addition assumption of responsibility for Mothers' Allowances, would save a further \$375,000 a year. Thus, even allowing the relinquishment of succession duties





SUBSIDIES (Cont'd)

MINIMUM REQUIRED, OUTLINE OF (Concluded)

to the Dominion meant \$5000,000 the net result would be an increase in aid of at least \$2,000,000 or twice, approximately, the present Dominion subsidy.

Report of Hearings

Halifax, N.S., February 7, 1938

pp. 4165-66

NEW BRUNSWICK

CONDITIONAL ACCEPTANCE OF WHITE COMMISSION AWARD

New Brunswick's Position:

"The White Commission recommended that the subsidy award be increased to the sum of \$900,000 per year, but based its findings on considerations other than those of fiscal need, which principle was distinctly rejected (page 7).

"We have accepted the above mentioned amount but regard it simply as an attempt to settle inequalities in respect to the subsidy arrangements existing between the provinces and the Dominion. We have not accepted it as a final settlement of the fiscal relations that now exist nor have we regarded it as a full settlement of all further demands."

New Brunswick Brief

p. 20

OLD AGE PENSIONS

EXTENSION OF PLAN

New Brunswick's Recommendation:

"We recommend this plan with respect to additional contributions of the Dominion to the provinces which are to be applied to special purposes. It may not be possible to reach the individual as in the case of a pensioner, but we could reach the local authorities, the idea being to come as closely as possible to the people. One important consideration is that the arrangements are capable of adjustment from time to time as conditions may warrant."

New Brunswick Brief

p. 3

ORIGINAL ARRANGEMENTS, UNSATISFACTORY NATURE OF

British Columbia:

Past Federal grants to the Provinces have lacked consistency and equality of treatment and have in many cases been inadequate. The originally proposed Federal grants were arrived at for the purpose of meeting the then financial need of the Provinces and the political exigencies of the moment. They possessed no capacity for self-adjustment and no flexibility for meeting new conditions.

"Brief of Argument"

p. 4

POWERS, DOMINION

ESTABLISHMENT OF DOMINION POWER OF GRANTING SUBSIDIES FOR MATTERS UNDER PROVINCIAL JURISDICTION

Nova Scotia, Hon. Mr. Macquarrie, for:

The Dominion Parliament should be given undoubted jurisdiction to expend money, by the medium of grants, for services within the exclusive legislative competence of the Provinces. It is felt that the right of the Dominion to make certain grants, as at present, may be questioned in the future.

Report of Hearings

Halifax, N.S., February 3, 1938

p. 3915



S U B S I D I E S (Cont'd)

PUBLIC SERVICES

EXTENSION OF OLD AGE PENSION PLAN

New Brunswick's Submission:

"Our submission is that any necessary assistance to the provinces in respect of the special matters referred to and others as may appear necessary to be dealt with, be afforded as nearly as may be practicable on the same principle and in the same manner as that which applies in the case of old age pensions and pensions for the blind."

New Brunswick Brief

p. 3

PUBLIC SERVICES

EXTENSION OF OLD AGE PENSION PLAN

New Brunswick's Argument:

- "(1) No amendment to the British North America Act is required.
- (2) Any arrangement made between the Dominion and the Province can be readily modified at such time or times as conditions warrant.
- (3) The remedy will be applied to the particular necessity.
- (4) It would carry the money contributed more or less directly to the people and not to the Provincial Government.
- (5) No dispute could arise because every payment is agreed upon beforehand.
- (6) Economy will be assured by reason of the agreement between the two separate and distinct authorities as to each expenditure.
- (7) The plan would involve a closer association between the representatives of the Dominion and those of the provinces."

New Brunswick Brief

pp. 6 & 7

PUBLIC SERVICES

EXTENSION OF OLD AGE PENSION PLAN ON BASIS OF FISCAL NEED OF PROVINCE AND NEED OF INDIVIDUAL

New Brunswick's Suggestion:

"In later part of the brief we refer again to the question of fiscal need, but we wish to emphasize here that under the plan we suggest there is not only the fiscal need of the province to be considered, but it is the need of the individual. In old age pensions the relief has gone directly to the individual--the needy individual. Our suggestion is to apply the same system to the needs of the individual, so far as it can be reasonably worked out, and we base our plan upon those two considerations, first, the fiscal need of the Province and, second, the need of the individual in the Province. As above stated it may be difficult to apply the proposed assistance directly to the individual as in the case of old age pensions, but it can be applied, in connection with health matters, care of the insane, agricultural and technical education and many other social services quite immediately to the individual."

New Brunswick Brief

pp. 3 & 4

RELIEF TO MUNICIPALITIES

PROPOSED INCREASE IN DOMINION SUBSIDIES FOR UNEMPLOYMENT RELIEF

Hon. Mr. Cross: "Might I just observe there that relief might also have been afforded to the municipalities had the Dominion increased its grant-in-aid this year with respect to unemployment. You will recall, Mr. Chairman, that you asked me yesterday for the view of the Department with respect to the problem of grants-in-aid in particular reference to unemployment. I might just observe that this





## SUBSIDIES (Cont'd)

### RELIEF TO MUNICIPALITIES (Concluded)

#### PROPOSED INCREASE IN DOMINION SUBSIDIES FOR UNEMPLOYMENT RELIEF (Concluded)

province and the municipalities of the province approached the Dominion Government in February and March of this year, and the proposal was made to the Federal Government at that time that the basis of grants-in-aid with respect to unemployment relief should be on a basis of 40 per cent for the Dominion, 40 per cent for the province and 20 per cent for the municipalities. We have had no official reply from the Dominion Government with respect to that proposal. It would further relieve the municipalities if such a policy were followed, and the way the matter stands now, for this year the province is contributing a total of 45 per cent of the cost of relief throughout the province, the municipalities will assume approximately 30 per cent, and the Federal Government in the neighbourhood of 25 per cent. If the Federal Government does make increases in their grants we have proposed to pass those on to the municipalities on a pro rata basis for this year, but in the meantime we are proceeding with the province making the same contribution as it did in other years, which we felt and still feel is a very large percentage for us to bear. But, we have endeavoured to pursue this policy of relief to our municipalities, and if the federal grants were increased this year we may be able to pass some further benefit to them. That is the position at the present time, and that was the definite proposal on a percentage basis which this government had advanced and was supported by the municipalities of the province in that submission."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7737-38

## SERVICES, SOCIAL

### DESIRABILITY OF DIRECT ADMINISTRATION

#### New Brunswick's Recommendation:

"It seems to us to be most desirable that the additional allowances to be made in respect to any of the special matters above referred to should reach the people of the Province as directly as possible."

New Brunswick Brief

p. 5

## SERVICES, SOCIAL

### NECESSITY OF DOMINION AID FOR SOCIAL SERVICES

#### New Brunswick's Position:

Mr. Stewart: "I suppose, Mr. Jones, when you use the word 'necessary' in connection with these services, you mean nothing stronger than very desirable, do you not?"

Hon. Mr. Jones: "In what particular respect?"

Mr. Stewart: "You say, 'There is urgent necessity that the province shall wholly assume the expense of the treatment,' and so on."

Hon. Mr. Jones: "I would put it stronger than that in view of the condition described by Mr. Byron. It would be quite apparent that the municipalities are not capable of paying taxes. Therefore, it is necessary for the provinces to do something for these municipalities."

Mr. Stewart: "I suppose if the money were not forthcoming from other sources, such as the Dominion, it would be necessary either to do without these services or pay increased taxation, would it not?"

Hon. Mr. Jones: "The people would have to do without the services, because they cannot pay increased taxation. We have reached the limit of our tax capacity, practically. It will be readily understood, as I have said this morning, that it is absolutely necessary for the province to take hold of these problems and help these



S U B S I D I E S (Cont'd)

SERVICES, SOCIAL (Cont'd)

NECESSITY OF DOMINION AID FOR SOCIAL SERVICES (Concluded)

people out. They are living where they have not the proper facilities for the treatment of disease and tuberculosis is rampant amongst them. I think I would not like to qualify that, because it is necessary."

Report of Hearings

Fredericton, N.B., May 18, 1938

pp. 8594-95

SERVICES, SOCIAL

NECESSITY OF DOMINION CONTRIBUTION

New Brunswick's Contention:

"There will be a continuous improvement provided in future in the living conditions of the needy. It has become a national question."

New Brunswick Brief

p. 6

SERVICES, SOCIAL

PAYMENT OF SUBSIDIES, ADMINISTRATION OF SUBSIDIZED SERVICE AND DOMINION SUPERVISION

"Our submission is that these servies" ("those services which are held to be within provincial jurisdiction". Report of Hearings Fredericton, N.B., May 18, 1938, page 8506) "should be administered by the Province with the assistance of the Dominion, but that every payment should be appropriated to the particular object for which the allowance is made and that there should be means afforded whereby the Dominion might have a constant check on expenditures."

New Brunswick Brief

p. 2

TECHNICAL EDUCATION

SUCCESS AND CONTINUANCE OF ASSISTANCE

Dominion, Mr. Dickson, Deputy Minister of Labour, for:

Mr. Stewart: "Mr. Dickson, are you in a position to state whether the assistance given by the Technical Education Act of 1919 to the provinces has been effective and beneficial?"

Mr. Dickson: "Judging from the importunities--I won't use such a strong word--but the desire of the provinces for its service, I would say yes."

Mr. Brown: "Supplementing that statement might I say on the basis of the statistical information very decidedly yes."

Commissioner Dafoe: "On the same percentage basis or hand-outs? I mean unconditionally?"

Mr. Brown: "On the basis of the figures, I would say. The figures are published in the reports on technical education work for some years past and they do clearly indicate that there has been growth in the number of schools, in the number of classes, in the number of pupils and in the teachers and equipment as well, a very remarkable growth in the development of the object in view, which was to promote technical education."

Mr. Dickson: "I take it your question, Mr. Dafoe, was whether or not the same basis of assistance should be continued? You did not ask whether any assistance was desirable or not."

Commissioner Dafoe: "We have heard in provincial representations that they are strong for subsidies on technical education, but the provision that the province has got to put up dollar for dollar has been explained as making it difficult for the province to accept the grants. There is also the statement that they were obliged





S U B S I D I E S (Concluded)

TECHNICAL EDUCATION (Concluded)

SUCCESS AND CONTINUANCE OF ASSISTANCE (Concluded)

to put up buildings, and with the lapsing of the grant they were left with a problem on their hands, left holding the bag, so to speak."

Mr. Dickson: "That, of course, you will recognize, is a matter of policy."

Mr. Brown: "When the government embarked on the policy of technical education assistance in 1919 it was done following an exhaustive inquiry by Dr. James W. Robertson and others, and is definitely based on the idea that it would be of a temporary nature."

Mr. Stewart: "In order to stimulate the provinces?"

Mr. Brown: "Quite so."

Mr. Dickson: "The mere fact that the Act was limited as to time indicates that."

Report of Hearings

Ottawa, Ont., February 16, 1938

pp. 4674-75

UNCONDITIONAL SUBSIDIES

CAPITALIZATION

Saskatchewan, Hon. Mr. Davis, for:

Not enamoured with the idea, as suggested by Manitoba, that the unconditional subsidy should be liquidated by the Dominion taking over the Provincial debt at a certain ratio.

Report of Hearings

Regina, Sask., December 16, 1937

p. 2109

UNCONDITIONAL SUBSIDIES

CONTROL

Saskatchewan, Hon Mr. Davis, for:

Although subsidies should be unconditional, we shall discuss some measure of possible control so far as the expenditure of Federal subsidies is concerned.

Report of Hearings

Regina, Sask., December 9, 1937

p. 1244

UNCONDITIONAL SUBSIDIES

INCREASE

Saskatchewan's Submission:

The unconditional subsidies presently payable by the Dominion to Saskatchewan should be increased on the suggested basis of the fiscal need of the Province as indicated in the written submission.

Saskatchewan Brief

p. 333

WHEAT SUBSIDIES

CLAIM, ONTARIO'S

Ontario, Hon. Mitchell F. Hepburn, for:

If Commission checks "Account Rendered," Ontario wants included in examination:

"5. The 'special grants' from the Federal Treasury for the production of wheat whether by way of credit export subsidies, grants to the pools, state aid in marketing wheat, including losses from speculation, and generally the 'compensation' the West has already had from the Federal Treasury."

Ontario Brief

Book 1, p. 29





## SURVEYS, GEOLOGICAL

### DOMINION EXTENSION URGED

#### British Columbia's Recommendation:

"17. Work of the Geological Survey of Canada in British Columbia under provision of the B. N. A. Act has been of great value to our mining industry. This work should be continued more aggressively, with a minimum of not less than twelve full geological parties per annum in this Province."

British Columbia Brief . . . . . p. 353

### DUPLICATION OF SERVICES

#### ADEQUACY OF DOMINION SURVEYS

##### Dominions's Position:

Mr. Stewart: "Are your surveys adequate for the purposes for which Quebec and Ontario require surveys?"

Dr. Camsell: "No, that is the trouble. The demands for field work on the part of the public in this country are far greater than the Dominion can accomplish."

##### Report of Hearings

Ottawa, Ont., May 30, 1938 . . . . . p. 9632

### DUPLICATION OF SERVICES

##### Dominions's Opinion:

Dr. Camsell: "Generally, that is the case; I mean, where you have consolidation of functions under one body, there is generally a saving....."

"Generally from the point of view of economy in preparing a geological map of the Dominion of Canada, certainly it would be much more efficient and effective to have that done by one organization because geology does not stop at one provincial boundary, it runs from one province to another. The difficulty I see in the contribution of eight or nine geological surveys in the Dominion of Canada would be the difficulty of correlation between one province and another in the geological conclusions."

##### Report of Hearings

Ottawa, Ont., May 30, 1938 . . . . . pp. 9528 & 9632

### TOPOGRAPHIC SURVEYS

#### ECONOMY OF BRITISH COLUMBIA'S SURVEYS

##### Dominion's Position:

Mr. Stewart: "Dr. Camsell can now answer the question about the topographic mapping of British Columbia."

Dr. Camsell: "The brief that was submitted in British Columbia contained these suggestions: First, That topographic mapping can be more economically handled by British Columbia surveyors with the production of accurate topographic maps at low cost and with the abandonment of present low class topographic maps. In reply to that particular statement I would say this, as far as I know the only saving there would be by having the British Columbia surveyors do the survey work in preference to Dominion surveyors coming from Ottawa would be the cost of transportation."

.....  
"...To continue with the other suggestions in British Columbia's brief, it is stated that 'one mile' mapping is most satisfactory for all purposes and can be done at a total cost of \$30.00 per square mile.--That is pretty expensive mapping and our policy in British Columbia has been to do mapping on the scale of four miles to the inch in the first place, followed, if necessary, by mapping on the scale of one mile to the inch. At the present rate of progress if we were to do the mapping of British Columbia on the scale of one mile to the inch, according to cases that we have worked out, it would run to something like \$14,650,000, of which the province is



SURVEYS, GEOLOGICAL (Concluded)

TOPOGRAPHIC SURVEYS (Concluded)

ECONOMY OF BRITISH COLUMBIA'S SURVEYS (Concluded)

asking the Dominion to contribute \$10,620,000, and if we do the work at the rate we are progressing to-day, it would take 211 years to complete the survey."

Report of Hearings

Ottawa, Ont., May 30, 1938

pp. 9642-44

TARIFF

BENEFIT TO ONTARIO

BURDEN OF INDUSTRIALIZATION

Ontario's Contention:

Ontario states, furthermore, that industrialization together with urbanization involves heavy social costs, occasioned by the need for such things as transportation, social service, and payment of duties on certain commodities. "Industrialism is not all benefit; it also imposes heavy social costs. Industrialism and urbanization impose heavy costs in sanitation, local and interurban transport services, police and fire protection..... The social costs of industrialism include items from minor inconveniences to the problems of prolonged wholesale unemployment. Ontario pays heavy duties on coal, lumber and sugar largely, if not wholly, for the benefit of other regions."

Ontario Brief, Book 2

p. 80

"BETTER TERMS," BRITISH COLUMBIA'S CLAIMS FOR

REASON FOR INTRODUCTION OF TARIFF INTO BRITISH COLUMBIA'S CLAIMS FOR "BETTER TERMS"

British Columbia, Hon. Mr. Pattullo, for:

The reason why, in previous representations, British Columbia did not mention the disability suffered by her because of the tariff, was that, although we knew there was something wrong with us, we did not know what it was until we called in Dr. Carrothers.

Report of Hearings

Victoria, B.C., March 25, 1938

p. 5914

"BETTER TERMS," BRITISH COLUMBIA'S CLAIMS FOR

TARIFF AND OTHER GENERAL ARGUMENTS

Chairman:

In addition to the four special arguments advanced by British Columbia there are certain general arguments such as the tariff. These are not peculiar to British Columbia. As regards the tariff my off-hand impression is that Saskatchewan suffers more than any other Province.

Report of Hearings

Victoria, B.C., March 25, 1938

pp. 5902-03

BRITISH COLUMBIA

CONSIDERATION URGED

British Columbia, Hon. Mr. Farris, for:

As a Canadian does not favour the repeal of the tariff, but as a British Columbian states that the Commission must take into consideration the incidence of the tariff on British Columbia.

Report of Hearings

Victoria, B.C., March 17, 1938

pp. 5054-55





T A R I F F (Cont'd)

BUTTER, DUTY ON

EFFECT ON WESTERN PRODUCTION

Prof. Taylor: "The duty on butter, however, has resulted in a very substantial increase in price and in production."

Commissioner Dafoe: "You do not suggest in that paragraph that the high duty which was placed upon butter from New Zealand and Australia to the disadvantage of the industries in Ontario, was imposed as a result of pressure from Western Canada, or that the West were particularly insistent upon that? That was predominantly due to Ontario pressure."

Prof. Taylor: "As I recall it, the western dairy pools were before the tariff board."

Commissioner Dafoe: "They were in the drive all right, I do not deny that, but I would say if you were to appraise the force of the pressure, the effective pressure came from this province."

Prof. Taylor: "You, sir, are in a much better position to appraise the pressure than I will be, but as I recall it, there were undoubtedly representations from eastern townships and from western Ontario, and certainly from the western dairy pools as well. Whether it is possible to estimate the influence of those three on the action of those responsible, I do not think it can be done. But the result certainly has been to substantially increase the production in the prairies much more relatively than in any other part of Canada. The prairie production, for example, in 1930 was 47,000,000 pounds of creamery butter; in 1935 it was 68,000,000 pounds. Now, there were increases in Quebec and Ontario as well, but relatively not as great. The western production is over 40 per cent increased, the Ontario about 30 per cent, and the Quebec production about 20 per cent increased."

Commissioner Dafoe: "The experience in the west has always been that when there is a good price for wheat, butter production falls, and when the price of wheat drops and the markets are closed, then they go into the production of butter. It rises and falls. The statistics show that."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7776-77

CANNED FISH

REQUEST FOR PROTECTION

New Brunswick's Submission:

"In view of the fact that the Province of New Brunswick has received practically no benefit from the protective tariff, it is now submitted by us that an industry of this kind should be encouraged through some form of protection."

New Brunswick Brief

p. 63

CLAIMS, BRITISH COLUMBIA'S

"BARTER TERMS OF TRADE" ARGUMENT

Ontario's Criticism:

Prof. Taylor: "This whole conception, though, of the barter terms of trade is not one which is a very precise tool. I have referred in the brief to two recent criticisms of the whole concept of the barter terms of trade. The first reference is to McQueen's article on 'the economic aspect of federalism' in the Canadian Journal of Economics, 1935. This has no reference to Dr. Carrothers, at all, Mr. McQueen is just taking up the general argument and shows how it is rather an unprecise tool. The reference to B. K. Sandwell's article is a criticism of Dr. Carrother's statements. I find it a little difficult to understand what Dr. Carrother's means when he says that the barter terms have always been against British Columbia. He only goes back to 1926, but he



T A R I F F (Cont'd)

CLAIMS, BRITISH COLUMBIA'S (Concluded)

"BARTER TERMS OF TRADE" ARGUMENT (Concluded)

says he has made certain general studies further back.

.....  
"I do not see how this ratio can be continuously adverse. I quite understand that the barter terms of trade might get better or worse, but to say that the barter terms of trade have always been adverse is meaningless. He is trying to apply the balance of trade rules which are applied between countries between British Columbia and the different parts of Canada. I quite understand his arguments as to the balance of trade. I can see, how over a period of time it would move, obviously or inevitably up or down, but I cannot see how over a period of time it would always be adverse to you. I would point out to you the way in which the curve behaves. 1926 is not an entirely normal year for British Columbia.

"Now, the barter terms of trade will always move against the producers of primary products in periods of depression. Primary products have more flexible prices than manufactured products. This is true in almost every country, countries like England as well as countries which have protection. It is possible to work out a comparison in a case like that and say what the difference is between Canadian exports and imports, but there is a difference in attempting to establish barter terms of trade between British Columbia and Eastern Canada.

.....  
"All I am pointing out is that the whole concept of barter terms of trade is not a good method of analysis. I think it shows certain broad trends and I entirely agree with Dr. Carrothers, of course, that any area depending substantially on the production of primary products is going to have a worsening of its terms of trade in years of depression. On the other hand, these areas are likely to have the terms of trade moving very heavily in their favour on the upswing. Now, it happens that Dr. Carrothers' period covers, primarily, the depression, from 1926 on. While there are three years before the depression, those happen to be years when raw material prices were slipping all over the world."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7794-97

CLAIMS, BRITISH COLUMBIA'S

IMPOSSIBILITY OF CRITICAL EXAMINATION

Ontario's Position:

"The British Columbia brief in respect to the tariff is built largely on the concept of 'barter terms of trade'. No adequate explanation is given as to how these ratios are calculated. It is, therefore, impossible to examine them critically. (For a criticism of the whole 'terms of trade' analysis see R. McQueen, 'Economic Aspect of Federalism', Canadian Journal of Economics, 1935, pp. 365-366. Also B. K. Sandwell, 'Dr. Carrothers on Inter-Provincial Trade,' ibid, 1936, pp. 73-79)"

Ontario Brief, Book 2

p. 83

CLAIMS, BRITISH COLUMBIA'S

ONTARIO CHANGES WORDING OF THEIR CRITICISM OF BRITISH COLUMBIA'S  
"BARTER TERMS OF TRADE" ARGUMENT

Prof. Taylor: "....I would like, sir, to alter the next sentence in the brief. I say, 'No adequate explanation is given as to how these ratios are calculated.' This was written some time ago, and since then I have had an opportunity of reading the B. C. brief with more care. There is a great deal more detail in the appendices as to how these ratios are calculated. There was a good deal of detail there, though I still think not sufficient detail to judge what these ratios do mean."

The Chairman: "Instead of the word 'adequate' you would say 'insufficient'?"





T A R I F F (Cont'd)

CLAIMS, BRITISH COLUMBIA'S (Concluded)

ONTARIO CHANGES WORDING OF THEIR CRITICISM OF BRITISH COLUMBIA'S  
"BARTER TERMS OF TRADE" ARGUMENT (Concluded)

Prof. Taylor: "Yes, I would say, 'Insufficient information'."  
Report of Hearings  
Toronto, Ont., May 5, 1938

p. 7794

Ontario's Criticism:

Ontario claims that B. C. benefits from tariff and trade policy and from assumption of fisheries cost by the Dominion. "British Columbia has benefited from the tariff preferences to Canadian ports, from the assumption of costs of fisheries by the Dominion, from inclusion of its principal products in practically every trade treaty signed by Canada, and by the direct protection of most of its products."

Ontario Brief, Book 2

p. 80

CLAIMS, MAKING OF

Ontario's Position:

Ontario states that she has no intention of making counter claims. If claims are made, Ontario argues that they should be accurate and complete. The advantages of the tariff probably lie outside Central Canada. "We make no attempt to set up a statement of profit and loss, because we do not believe that is a logical or possible basis for Federal finance. If, however, such statements are to be used we must insist that they be accurate and complete, and if such 'accounts' are completed it is quite possible that the balance of advantage will be found to lie outside of Central Canada."

Ontario Brief, Book 2

p. 84

CLAIMS, MANITOBA'S

Ontario's Criticism:

Ontario claims that the tariff is a benefit to the Prairies but a burden to Ontario. Moreover, the Prairies are considered in Canadian trade treaties. "Prairie producers have benefited from heavy duties on butter, meat, eggs, sugar and grain. The high tariff placed on New Zealand and Australian butter in 1930 was of very great value to the West, but resulted in a very large volume of direct and immediate unemployment in Ontario industries exporting to those countries. Prairie products have found a prominent place in Canadian trade treaties."

Ontario Brief, Book 2

p. 80

CLAIMS, MANITOBA'S

EFFECT OF TARIFF ON WHEAT

Ontario's Criticism:

"The Western argument also takes the form that the Canadian wheat grower is at a relative disadvantage in the world wheat markets because of the Canadian tariff."

Ontario Brief, Book 2

p. 81

CLAIMS, MANITOBA'S

METHOD OF MAKING CLAIM

Ontario's Criticism:

"The details of the way in which the figures have been compiled are very inadequately exposed, and the mass of detail is so great that only random checks have been possible."

Ontario Brief, Book 2

p. 81





T A R I F F (Cont'd)

CLAIMS OF MARITIMES

Ontario's Criticism:

Ontario argues that Maritime goods are protected by the tariff and this protection is a burden on the rest of Canada. The Dominion protects the Maritime fisheries and the Maritimes benefit by Canadian trade treaties. "The Maritime Provinces have had a large measure of protection. Probably as large a proportion of Maritime production is protected as of Ontario's. The tariff preferences given to Maritime ports have benefited them and imposed substantial costs on the rest of Canada. The Dominion has taken over the whole cost of administering the fisheries. Maritime products have always received close consideration in Canadian trade treaties."  
Ontario Brief, Book 2 p. 80

CLAIMS OF MARITIMES

COMPENSATING FACTORS FOR POSSIBLE TARIFF BURDEN

Ontario's Suggestion:

Prof. Taylor: ".....'The Dominion has taken over the whole cost of administering the fisheries. Maritime products have always received close consideration in Canadian trade treaties.'" (Ontario Brief, Book 2, p.80.)

"To the extent I find it very difficult to measure, but if, for example, a lower rate of duty on Maritime fish is secured in a given foreign market in return for lower rates of duty on some manufactured product made in Ontario, I think you can speak in a general way of the cost of that being borne by the Ontario Industry and the benefit going to the Maritime fisheries."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7774-75

CLAIMS, NOVA SCOTIA'S

REFERENCE TO OTHER CRITICISMS

"The Nova Scotia brief relies heavily on the Rogers brief of 1934. This brief has been discussed critically by McGregor, 'The Provincial Incidence of the Canadian Tariff.' (Canadian Journal of Economics, 1935, pp. 384-395.)"

Ontario Brief, Book 2

p. 83

CLAIMS OF PROVINCES

INTENTION OF CLAIMS

Opinion of Commission and Ontario:

Chairman: "...I do not think any of the provinces have made a claim that they should be compensated for the extra amount which they claim the tariff was costing them. What I understand their briefs to indicate is that they set forth the claim as to the extent of the burden that the tariff has imposed upon them and they said that should be taken into consideration in adjusting Dominion-Provincial relations. That is, the incidence of the federal economic policy."

Prof. Taylor: "Yes, I gather that from reading the examinations, sir, both in Winnipeg and in Victoria, that on examination, that was the position that they took."

The Chairman: "Yes. Up to date we have had no indication, to speak from recollection, as to how one was to measure the weight that should be given to that in adjusting Dominion-Provincial relations."

Prof. Taylor: "Yes, as I understand it, in the case of the Manitoba brief at least they set up two certain quantitative measurements of their disability and I think the implication from reading the brief, in the first place, seems to invite consideration of those amounts when compensation is to be considered, but in the examination, as I say, I recognize they have merely said that these



T A R I F F (Cont'd)

CLAIMS OF PROVINCES (Cont'd)

INTENTION OF CLAIMS (Cont'd)

should be taken into consideration in a general way when financial re-arrangements were being considered."

The Chairman: "Yes. You see when one looks at it, it is rather important that we should keep the issue clear before us as to just what the contentions are of these provinces, without expressing any opinions whatever on the merits of the contentions. The figures were given as an estimate of the extra cost to the individuals residing within the province and that cannot be the basis of compensation to the government. The only basis of compensation if it should be considered at all, one would think, would be the diminution in the tax-paying capacity of the people of the province by reason of the additional burden. At least, that is the way it strikes me. I do not know what your view is, assuming that it is a subject matter for consideration. I do not express any opinion on whether it is or not."

Commissioner Dafoe: "British Columbia also gave a quantitative estimate of the disability of the province in terms of money. But of course all the provincial governments, and I think every brief we have had to date, including Ontario, every provincial brief has been in agreement, they concede that the tariff is a federal matter. Some of them say that in certain localities the effect of these policies may conceivably be beneficial, but they do claim that, in the general re-allocation of revenues, the fact that they have been damaged by this federal policy should be a factor to which consideration should be given. But there is no account rendered in any bookkeeping sense."

Prof. Taylor: "I agree that all that came out in the examination at Winnipeg, as I read the examination. The form in which some of the figures are reproduced from time to time gave the impression that multiplications and additions and totalling up of existing..."

Mr. Lang: "But, Mr. Chairman, there was a quantum stated. That is our point."

The Chairman: "There was a quantum state of the burden which they said the tariff imposed upon the citizens of the province. They gave figures."

Mr. Lang: "Yes, as for instance, I may put forward a general claim and in putting forward that general claim I say I wish to be compensated in money, and in order to establish a quantum of compensation I introduce figures into my case. Now that is, in effect, in my opinion, what has been done."

The Chairman: "I may say, Mr. Lang, we did not understand it that way. We understood it was a general statement of the burden which they claimed their citizens had to bear by reason of the tariff and they went into figures. I think you will see--you were there I think--from the examination, the questions asked, the Commission found it very difficult to accept any figures, but it must stop to look at it and analyze it, and that is why I bring it down to concrete form so one can look at the proposition. If a federal tariff policy has to be taken into consideration at all, and again I repeat I express no opinion upon it because it is my duty to keep an open mind until we have heard everything, so far as I can see at present the only way it could be taken into account would be that it diminished the tax paying capacity of the citizens of the province by some sum, or it possibly reduced the revenues or the taxation of the province. At present I do not know how you could estimate that, but that is the way I understood their proposition. I did not know whether Professor Taylor could throw any light on how to arrive at it. I have confidence in Professor Taylor's ability as an economist."

Mr. Lang: "I do not wish to labour this at all but I wish to get my own position clear. In referring to the Manitoba submission I think I am right in this, that at the end they say: 'We wish the federal government to do certain precise things involving money,





T A R I F F (Cont'd)

CLAIMS OF PROVINCES (Concluded)

INTENTION OF CLAIMS (Concluded)

very specifically; in fact, I think the figures are definitely set out in some respect. Now, that is what I had in mind when I suggested there is a compensatory claim put forward and 'in order to justify this we go into another quantum and we add that up. In other words, we are making a claim and this is the ground on which we make it.' That is the point I want to bring out."

The Chairman: "I see the point of view you present."

Report of Hearings,

Toronto, Ont., May 5, 1938

pp. 7750-53

CLAIMS OF PROVINCES

NECESSITY OF CONSIDERING EFFECT OF ALL DOMINION POLICIES

Ontario's Criticism:

"We have already said that if disabilities alleged to have resulted from Federal policy are to be made the basis of claims, then total Federal policy, and not one aspect of it, must be considered.

"We make no attempt to list all these policies or to assess any in detail, but we merely indicate some of the more important.

"(a) Railway policy, freight rates and railway deficits; not only the actual C.N.R. deficits but the value of subsidies and construction turned over to railways not included in the C.N.R. On this point, Professor McQueen (University of Manitoba) has said.. 'The West regards the railway deficits of Canada with almost complete equanimity. They are regarded as an offset to the cost of the tariff and the West will continue so to regard them.....Sir Henry Thornton in evidence before the Duff Commission said "You can have low freight rates and more taxes to pay in the way of deficits, or you can have remunerative freight rates and less taxes; but it cannot be done both ways." With tariff policies such as they are the West favours the first alternative.' (Canadian Journal of Economics 1935, pp. 358-359)

"(b) The heavy debt incurred for canals and other aids to navigation on the St. Lawrence-Great Lakes route.

"(c) The heavy 'transfers' of purchasing power from Central Canada to the Maritimes and to the Prairies arising out of Dominion public finance.

"(d) Excess cost to Ontario of tariff protected commodities sold in quantity to it by other provinces.

"We make no attempt to set up a statement of profit and loss, because we do not believe that is a logical or possible basis for Federal finance. If, however, such statements are to be used we must insist that they be accurate and complete, and if such 'accounts are completed it is quite possible that the balance of advantage will be found to lie outside of Central Canada."

Ontario Brief, Book 2

pp. 83 & 84

COAL TRADE, EFFECT OF TARIFF ON

CLAIM, ONTARIO'S

Ontario, Hon. Mitchell F. Hepburn, for:

If Commission checks "Accounts Rendered," wants the following included: "The 'tariff disability' of the central provinces in the matter of coal, for, although Ontario and Quebec are the largest users of coal, they rely on imports for supply. (The Federal Government's expenditures in assisting the movement of Western and Maritime coal should be taken into Account. The Federal Government even assists the shipment of coal between the Western Provinces.

Ontario Brief, Book 1

p. 29



## T A R I F F (Cont'd)

### DISABILITIES

#### COMPENSATION BY ADJUSTMENT OF FREIGHT RATES

##### New Brunswick's Submission:

"We submit that the most practicable method of affording to this Province some compensatory advantages would be by means of a carefully considered adjustment of freight rates on shipments to and from the Province. This would enable our producers to have access to the markets of Ontario and Quebec on a less burdensome basis than now obtains and it would relieve our consumers in the Province to a large extent with respect to the high prices of commodities which they are compelled to use."

New Brunswick Brief

p. 51

### DUMPING DUTY

#### REQUEST FOR REMOVAL OF DUMPING DUTY ON TIN PLATE

##### Nova Scotia's Submission:

"We have to suggest that the Commission recommend that the encouragement of this industry which is so important to the Province of New Brunswick might be afforded by relieving it of the provisions of the Customs Act with reference to the dumping duty clause in respect of the importation of tin plate."

New Brunswick Brief

p. 64

### EFFECT OF TARIFF

#### ACCEPTANCE OF DR. W. A. CARROTHERS' STATEMENTS

##### New Brunswick's Submission:

"In reference to the tariff we accept the statements of Professor Carrothers (The Canadian Journal of Economics and Political Science, February, 1935) where on page 34 he says:

"The effect of Canadian tariff policy since 1879 has been to create an economic situation in which various forces have been released to operate in concentrating the manufacturing industry of Canada in the provinces of Ontario and Quebec. It has had the further effect of making it necessary for the people in other provinces to buy largely from these manufacturers operating under a protective tariff. This means higher costs of production. At the same time, the other seven provinces being dependent to a large extent on primary production for which there is an extremely limited market in Canada, are compelled to sell in free competition in the markets of the world, while they themselves must purchase in a protected market.

"It may be pointed out that at the time the confederation financial arrangements were made, there was no contemplation that the Canadian tariff would be used for other than revenue purposes. The use of the Canadian tariff for purposes of protection was inaugurated in 1879 with the so-called "national policy" and has been a vital factor in changing the financial picture as it existed prior to that time. Consequently, the situation now is that something in the nature of a subsidy is necessary to redress the balance as between the various provinces of Canada.

"Objections may be made to the principle of a subsidy. It has been stated that it is an easy way for the provinces to secure funds and overcome financial difficulties, without having to face their own electors. The danger of the provincial government developing "a most calf-like appetite for milking this one most magnificent Government cow" was seen even at the time of Confederation. However, a different light is thrown on this propensity as a result of the study which has been made by Professor Rogers, and probably the calf can be excused on the grounds of hunger.

"It is pointed out that increases in subsidy payments will not remove the tariff disabilities under which the seven provinces operate. Much will have been accomplished if this study leads to a complete re-examination of our whole tariff policy on a scientific basis.





T A R I F F (Cont'd)

EFFECT OF TARIFF (Cont'd)

ACCEPTANCE OF DR. W. A. CARROTHERS' STATEMENTS (Concluded)

Professor Rogers states: "It is our contention that the protective tariff from the time of its adoption has failed to meet the just requirements of a national policy in a federal state, that it has been haphazard in its growth, unequal in its incidence, and that it does not represent a fair compromise of the conflicting interests of the other provinces of the federation" (p. 119). The effect of the tariff has been to restrict external competition while internal competition has been left free. This has resulted in a lack of balance as between the various provinces of the Dominion. A truly national policy would take into consideration those industries which are dependent on export markets, as well as those dependent on the internal market. If this were done, the cost of the Canadian tariff policy to the seven economically oppressed provinces would be reduced.'

"Professor Rogers is now the Dominion Minister of Labour.

"We submit that the above expresses fairly what is a matter of common knowledge."

New Brunswick Brief

pp. 46-48

EFFECT OF TARIFF

CONSIDERATION OF BURDENS AND BENEFITS

Ontario's Contention:

Ontario claims that tariff imposes both burdens and benefits and that in the claims presented by other provinces the benefits conferred on them must be considered as well as the burdens on Ontario. "Trade and tariff policies undoubtedly impose costs and confer benefits. Various briefs presented to the Commission have emphasized the burdens of the tariff in various regions and have assumed that large benefits accrue to central Canada and especially to Ontario. The impressions thus presented must be corrected by some consideration of the benefits accruing to these other areas and the burdens imposed on Ontario."

Ontario Brief, Book 2

p. 80

EFFECT OF TARIFF

DIFFICULTY OF ESTIMATION

Ontario's Contention:

"A customs tariff affects prices and costs. Some producers benefit more and some less; some have to bear higher costs than others. Many producers benefit in one respect and lose in another. The way in which, and the extent to which these costs and benefits are distributed is a problem to which no satisfactory answer has yet been found. On a priori grounds it can be argued that one area gains or loses more than another. But methods of measuring these costs, even roughly, have not yet been developed. Rogers, in the Nova Scotia 1934 Brief, estimated the annual burden of the tariff to the Prairies at \$86,000,000. McGregor (in the Canadian Journal of Economics, 1935, pp. 384-395) using the same basic method of approach arrived at figures which indicated an annual cost of \$33,000,000. The Manitoba brief using a different method arrives at a figure of \$58,000,000."

Ontario Brief, Book 2

p. 81

EFFECT OF TARIFF

ON BRITISH COLUMBIA

British Columbia, Hon. Mr. Farris, for:

Admits that British Columbia receives some benefit from the Dominion tariff on vegetables, but argues that "in or out of Confederation British Columbia would have had that same protection." The issue is, does British Columbia get enough compensation out of the so-





T A R I F F (Cont'd)

EFFECT OF TARIFF (Cont'd)

ON BRITISH COLUMBIA (Concluded)

called free trade area of Canada to make up for the disability that the Dominion tariff policy imposes on this region.

Report of Hearings

Victoria, B.C., March 17, 1938

p. 5043

EFFECT OF TARIFF

ON BRITISH COLUMBIA'S BRITISH TRADE

Commissioner MacKAY:

States that British Columbia is selling much more in the British market than she is buying, and suggests that British Columbia's enjoyment of the British market has been made possible by the Dominion tariff policy, which was instrumental in obtaining preferences.

Report of Hearings

Victoria, B.C., March 17, 1938

p. 5050

EFFECT OF TARIFF

ON INCOME TAX

Manitoba, Hon. Mr. Garson, for:

(referring to article by the Hon. Mr. Rogers in the Canadian Forum.)

".....The protective system has fertilized the income tax field in Ontario and Quebec by a process which has resulted in the partial impoverishment of this field of taxation in other provinces whose economic development has been prejudiced by the effects of the fiscal policy of the dominion."

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 365

EFFECT OF TARIFF

ON SASKATCHEWAN

Saskatchewan's Submission:

"The position of Saskatchewan in the Canadian Federation suggests that of Tasmania in the Australian, in which case it was declared 'that the high production tariff was an unmixed burden with very little compensating benefit.'"

Saskatchewan Brief

p. 223

EFFECT OF TARIFF

ON TAXABLE CAPACITY ON NOVA SCOTIA

Nova Scotia, Hon. Mr. Macdonald, for:

The national policies, notably the trade and tariff policies, together with railway rates, have borne heavily upon Nova Scotia and have lowered the taxable capacity of the Province.

Report of Hearings

Halifax, N.S., February 3, 1938

pp. 3858-59

EFFECT OF TARIFF

ON TAXATION

Chairman:

If the tariff is to be considered at all, must it not be considered on the basis of its effect on the taxable capacity of the people of British Columbia? How far is it lowering that capacity? How far has it affected your revenue? (Premier Pattullo suggests that this is a suitable problem for the commission's experts to investigate.)

Report of Hearings

Victoria, B.C., March 25, 1938

p. 5916



T A R I F F (Cont'd)

EFFECT OF TARIFF (Concluded)

ON TAX PAYING ABILITY

Nova Scotia, Hon. Mr. Macdonald, for:

We are not suggesting that the Commission make recommendations regarding the tariff, but merely that they should take into consideration its effect on the people of this province, affecting as it does their tax paying ability and thus the financial condition of this Government.

Report of Hearings

Halifax, N.S., February 4, 1938

p. 4006

INCIDENCE OF TARIFF ON PRAIRIE PRODUCTS

DENIAL OF PRAIRIES' CLAIM

Ontario, Hon. Mitchell F. Hepburn, for:

".... Imagine.... a province (for instance Ontario) presenting a claim on tariff grounds, for every bag of cement produced and consumed in the province. Whatever the consumers have to say as to the price of cement, surely, the provincial government has no claim for compensation; and yet, Manitoba makes that precise claim. The Prairie Provinces, in the matter of cement are better off than Quebec and Ontario, for they not only produce their own cement, they supply the coal which enters so largely into its cost of production--and claim 40¢ a bag on it, as 'compensation.'"

Ontario Brief, Book 1

p. 24

INCIDENCE OF TARIFF ON TROPICAL PRODUCTS

DENIAL OF PRAIRIES' CLAIM

Ontario, Hon. Mitchell F. Hepburn, for:

"Just why a claim of provincial disability should be made, under Tariff Policy, for coffee, oranges, raisins and prunes is not apparent. Surely, tariff duties on exotic goods affect us all alike, and if there are differences in prices between the several provinces, they are the unavoidable results of transportation. Duties on goods, not produced in Canada, are for revenue, or, quite often, parts of an arrangement, under Imperial Preference, designed to press the sale of our products abroad (usually wheat)."

Ontario Brief, Book 1

p. 23

INCIDENCE, REGIONAL

Manitoba, Hon. Mr. Bracken, for:

Manitoba does not criticize the tariff as a tariff but discusses it for the purpose of explaining some of the disabilities under which she is labouring to-day.

The disability is shown so that it may be seen that greater provision must be made in those Provinces disadvantageously affected by the tariff to maintain the minimum of public services.

Report of Hearings

Winnipeg, Man., December 2, 1937

pp. 531 & 532

INTER-PROVINCIAL TARIFF

EFFECT OF PLAN ON EMPIRE AND CANADIAN UNITY

New Brunswick's Opinion:

Commissioner Angus: "So the United States would have one rate of duty for things that came from New Brunswick and another rate for things that came from the central part of Canada?"

Hon. Mr. Jones: "Quite so."

Acting Chairman: "That would lead to unity, I suppose?"





T A R I F F (Cont'd)

INTER-PROVINCIAL TARIFF (Cont'd)

EFFECT OF PLAN ON EMPIRE AND CANADIAN UNITY

Hon. Mr. Jones: "It might."

Acting Chairman: "Perhaps too much unity?"

Hon. Mr. Jones: "It would be more likely to lead to unity if you satisfy the component parts of the confederation than if you keep them dissatisfied."

Acting Chairman: "I mean if you have practically a provincial treaty-making power?"

Hon. Mr. Jones: "Well, it might have that effect in regard to tariff matters. If you had regional tariffs it might have that effect."

.....  
Mr. Stewart: "Do you not think it would create an irresistible centrifugal force and destroy the whole Dominion of Canada if the principle of regional tariff were admitted for one moment?"

Hon. Mr. Jones: "Oh well, I don't know about that. How is the British Empire held together? By chains or by freedom?"

Mr. Stewart: "Sentiment, I believe, is the only word."

Hon. Mr. Jones: "Well, we would still have the sentiment. We would still belong to the Empire."

Report of Hearings

Fredericton, N.B., May 19, 1938

pp. 8742-43

INTER-PROVINCIAL TARIFF

EFFECT OF PLAN ON DOMINION REVENUE

Commissioner Angus: "One other point: the effect on the Canadian revenue. If there were regional tariffs under the control of each province would that very probably seriously impair the customs revenue that the Dominion Government was able to collect?"

Hon. Mr. Jones: "I fancy it would, and as far as we are concerned there is no objection to impairing it, because we would like to see it impaired."

Report of Hearings

Fredericton, N.B., May 19, 1938

p. 8743

INTER-PROVINCIAL TARIFF

EFFECT ON INTER-PROVINCIAL TRADE

New Brunswick's Opinion:

Mr. Stewart: "Would it not be reasonable to expect that this tariff as between Ontario and Quebec on the one hand and the Maritimes on the other hand would be two walls, that they would also desire to erect a tariff wall against you here?"

Hon. Mr. Jones: "They may do so. As far as New Brunswick is concerned we have not anything to sell them, if we could find another market."

.....  
Mr. Stewart: "It would be rather difficult, if New Brunswick were shut out of central Canada, for those products to find a market, would it not?"

Hon. Mr. Jones: "I do not know that that would amount to very much. We would soon find a market for them elsewhere I think."

Report of Hearings

Fredericton, N.B., May 19, 1938

pp. 8740 & 8741



T A R I F F (Cont'd)

INTER-PROVINCIAL TARIFF (Cont'd)

IMPOSITION OF INTER-PROVINCIAL TARIFFS BY PROVINCES

New Brunswick's Recommendation:

Acting Chairman: "When the Commission will come to study this brief, this" (the discussion of the imposition of the "regional" (really inter-provincial) tariffs recommended by New Brunswick) "viewpoint presented here, may we take it as the views of Mr. Jones or the view of the government of the Province?"

Hon. Mr. Jones: "This has been included in the brief by consent of the government of New Brunswick and therefore it is a part of their position."

Acting Chairman: "The whole brief?"

Report of Hearings

Fredericton, N.B., May 19, 1938

p. 8743

INTER-PROVINCIAL TARIFF

MEANING OF "REGIONAL" TARIFF

New Brunswick's Explanation:

Hon. Mr. Jones: "....I think what is understood is that a regional tariff is a tariff made applicable to commodities that might be imported into a country for use in some particular section of the country, being used in that section. That is one view one might take of a regional tariff. On the other hand, I did suggest that it might be made to apply--although I see the difficulty of working it out in the way I spoke of--to that particular province as protection for some of its manufactured products."

Mr. Stewart: "For instance, it would be within the scope of your suggestion that New Brunswick would be entitled to put on a tariff as between Nova Scotia and New Brunswick."

Hon. Mr. Jones: "Well, that was within the scope of what I suggested yesterday."

Mr. Stewart: "Or an agricultural products tariff as regards Prince Edward Island or Quebec?"

Hon. Mr. Jones: "That would be within that scope, yes. But, we have to recognize, of course, what I say: that perhaps the more generally accepted meaning of regional tariff is a tariff imposed by the general government, applicable to commodities for use in some particular province, we will say, or some particular place, in order to encourage certain industries or certain business conditions in that particular case, and to apply to be used only for that purpose."

Mr. Stewart: "Something more like a bounty?"

Hon. Mr. Jones: "Well, yes, something more like a bounty."

Mr. Stewart: "As was given to iron at one stage?"

Hon. Mr. Jones: "Yes, something like that. I think perhaps that is the more generally accepted definition of the words 'regional tariff'."

Report of Hearings

Fredericton, N.B., May 20, 1938

pp. 8746-47

INTER-PROVINCIAL TARIFF

NATURE OF PROPOSED INTER-PROVINCIAL TARIFFS

New Brunswick's Proposal:

Hon. Mr. Jones: "We have now no protection, and if we had a tariff against those upper provinces, even though it might be small, we could encourage our own manufacturing industries in this province. It seems to me we would have blossomed out in a different way than we have blossomed. And we could also make our trade reciprocities."





T A R I F F (Cont'd)

INTER-PROVINCIAL TARIFF (Concluded)

NATURE OF PROPOSED INTER-PROVINCIAL TARIFFS (Concluded)

Our natural market is in the United States. We cannot hope to sell our farm products in the provinces of Quebec and Ontario, especially with heavy freight rates by rail. If we had that tariff, which might be called a regional tariff, or any other kind of tariff, so that we could really have some protection of our local industries, then it would be of immense benefit to New Brunswick and that is what I had in mind about a regional tariff.

.....  
".....we could make concessions to the United States and grant concessions in other markets.

.....  
".....And of course we might not find them in the humour to grant reciprocity to us. But that is our natural market and if we had the means here of protecting ourselves against the provinces of Ontario and Quebec and against the United States, I think it would not be difficult to have some concessions, so we could enjoy our natural market which is across the border. There is no doubt about that.

.....  
".....we could make arrangements with the United States, we could make an agreement with Great Britain which would surely give us a better market than the market of Ontario and Quebec. The whole scheme from a business standpoint, a commercial standpoint, of endeavouring to create a market for New Brunswick in the province of Ontario, and Quebec it seems to me is incapable of realization. It is unnatural, it is geographically unnatural. On the other hand, as I say, through the centralization of industry they have swamped us and we have got no protection against it. We cannot make any reciprocal treaties with anybody else and we cannot put up barriers there. And so the more I talk about it the more I am convinced that carried to the logical conclusion it is a very good thing."

Report of Hearings

Fredericton, N.B., May 19, 1938

pp. 8739-41

INTRODUCTION OF TARIFF QUESTION

IMPOSSIBILITY OF SEPARATE CONSIDERATION

Ontario's Position:

"Tariff policy cannot be isolated from other policy. Government policy in any particular regard is inseparably bound up in policy as a whole. Tariff policy, at the very least, must be considered as a part, often not the most important part, of what may be called Trade policy. Trade policy, in addition to rates and schedules of import taxes, includes the wide field of administrative protection, quotas, embargoes, dumping clauses, and many other things. It includes all matters of trade treaties and agreements, as well as the work and functions of the Commercial Intelligence Service. It is closely related to railway, shipping, and monetary policy. The tax on imports is only one aspect of Trade policy, and to confine the estimates of the effect of Trade policy to a calculation of the burden of the tax on imports is to give a most one-sided view of Trade policy as a whole."

"Even trade policy as a whole cannot be properly appraised by itself; it can be evaluated only with reference to other policies. Railway and ocean rates and services, and government policy in relation to them, may often be more important factors in trade than customs duties. Monetary policy may be designed to give effect to trade policy, or trade policy can be altered to secure a monetary objective. Immigration and settlement policy cannot but have very important effects on trade. Government policy, in a word, must be taken as a whole. This is especially true when claims for disability are being presented by a province to the Dominion. No policy can ever have an equal effect over the whole country. Every policy confers uneven benefits and imposes uneven costs."

Such was the position of the Australian Grants Commission, and "its final conclusion, it may be added, was to reject the validity of the whole basis of making claims on the grounds of the uneven effects of either individual or total federal policy."

Ontario Brief, Book 2

p. 79





T A R I F F (Cont'd)

INTRODUCTION OF TARIFF QUESTION BEFORE COMMISSION

RELEVANCE OF INTRODUCTION

Ontario's Position:

"Tariff policy is a Federal matter. We believe that it is largely irrelevant to this investigation, and as a Province we do not argue a case for or against the ultimate desirability of any particular trade policy. Tariff policy is the concern of the Federal Parliament, and it is in the arena of federal politics that the issues should be discussed and must be decided."

But, because it has been introduced by others, "We, therefore, desire to make some observations on the general questions raised and to discuss briefly some of the types of evidence submitted, and to correct some serious errors."

Ontario Brief, Book 2

p. 78

MANITOBA'S CLAIM

Ontario's Criticism:

Prof. Taylor: "The three or four particular criticisms I have to make are these: The estimates consider only those items in which the Canadian price is higher. No credit is given or no reduction is given for the very large number of items on the list that are cheaper in Canada. I made a rather rough estimate and I make it about one-third of the items listed there were actually cheaper in Canada."

Report of Hearings

Toronto, Ont., May 5, 1938

p. 7780

MANITOBA'S CLAIM

ONTARIO'S DENIAL

Hon. Mitchell F. Hepburn explains that, in attacking Manitoba's tariff claim, Ontario is interested in cleaning up the charge of eastern "industrial exploitation," for a sense of sectional injustice has too long retarded the national aspirations of the Canadian people. Says he "will almost forgive the appointment of this Commission by Order-in-Council," and is pleased that Manitoba's tariff claim is expressed in "terms of money".....we cannot accept its figures: we shall submit evidence of needed corrections, we shall claim deductions, and we shall indicate the nature of certain counter-accounts; but, once the account rendered has been properly audited, we shall have gone a long way toward establishing the unity of the provinces within Confederation."

He was "quite upset on reading Manitoba's brief to find anyone, except a hardened protectionist, urging that it is cheaper to buy in a country of high protection than in a country of less protection." Was relieved when told "that most of the goods priced in the two countries were set down as cheaper in the United States just because proper allowances had been made for the differences in sales-tax in prices."

Goes on to say that he is "not prepared to say what deduction is to be made from the Account Rendered by reason of this particular omission; I have been told that it amounts to 75% but hesitate to press the figure for it is hard to believe the economists retained by the Regina Conference would have built so elaborate a structure on so frail a foundation.

"And the items are not complete." Comments on vagueness of economists, who admit, "if any particular item is challenged, our attempted moderation elsewhere should support the validity of the total calculation."

Ontario Brief, Book 1

pp. 21 & 22



T A R I F F (Cont'd)

MANITOBA'S CLAIM (Cont'd)

COMPARISON OF PRICES IN MANITOBA'S CLAIM

Prof. Taylor: "The third point I bring up is in connection with the sales tax, that the Canadian prices include of course 8% sales tax, and in Hallett, Minnesota, there is no sales tax, there is no federal sales tax, there is no state sales tax in Minnesota, and there is no municipal sales tax in that particular town in Minnesota.

"Now, the question there arises as to what difference that would make in the comparisons. Doubtless, I say, other forms of taxation in the United States are absorbed into the Minnesota prices but I suggest that it is probably not nearly to the same extent. And for this reason, among others, sir, that the United States has financed during the past few years to a much greater extent by particularly progressive taxation and by deficit financing, and that this particular progressive taxation is almost certain not to be reflected in prices, and the deficit financing has probably had nothing like the direct affect on retail prices, for example that a sales tax is likely to have.

"I think possibly certain rough approximations might be arrived at but they would take a good deal of time. I merely suggest that if the kinds of computations that were used in the Manitoba brief are to be used as a basis for further analysis, that something of that sort, some study of that sort, would have to be undertaken.

"I suggest, of course, that a considerable portion of the farm budget is free of sales tax. Most of the food stuffs and I think a considerable part of the agricultural machinery is free of sales tax. I made, I confess an extremely rough calculation, but I got the impression that perhaps as much as half of the farmers budget might be free of sales tax, and 8% on the other half would be about \$40.00."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7738-39

MANITOBA'S CLAIM

DEDUCTION FOR PRICING ERRORS

Ontario's Contention:

"On the three items--there are four items there but only three are taken into account to show that there was an error in the compilation, on the three items of tires, washing machines and overshoes, simple mistakes in pricing account for errors of \$8,328,000 or 15 per cent of the computation of \$58,000,000."

Report of Hearings

Toronto, Ont., May 5, 1938

p. 7737

MANITOBA'S CLAIM

ELECTRIC MOTOR ITEM IN MANITOBA'S CLAIM

Ontario's Criticism:

"Electric motor, 1/3 h. p. a.c. (IV, p.29) U.S. price is given as \$8.40; Canadian \$21.50. We are informed that the two most widely used motors of this type sold in Canada have the following comparative prices:

U. S. A.	\$16.00	Canada	\$15.00
U. S. A.	18.60	Canada	26.00

Ontario Brief, Book 2

p. 82

MANITOBA'S CLAIM

OVERSHOES ITEM IN MANITOBA'S CLAIM

Ontario's Criticism:

"Overshoes, (IV, p. 37) U. S. item \$1.98; Canadian item \$3.29. The correct comparable prices are \$2.35 and \$2.85. This requires a





T A R I F F (Cont'd)

MANITOBA'S CLAIM (Cont'd)

OVERSHOES ITEM IN MANITOBA'S CLAIM (Concluded)

further reduction of \$1,409,000. On the three items, tires, washing machines, and overshoes, simple mistakes in pricing account for errors of \$8,328,000, or 15 per cent of the \$58,000,000." Ontario Brief, Book 2 p. 82

MANITOBA'S CLAIM

RETAIL PRICES CLAIM

Ontario's Criticism:

"Manitoba builds up an amount of \$58,000,000 by comparing retail prices at a point in Minnesota and a point in Manitoba. This figure is reached by taking a representative farm budget, estimating the higher annual cost in Manitoba (\$100), multiplying this figure by the number of farms on the Prairies (290,000), which produces a total of \$29,000,000. This total is then doubled on the unexplained assumption that the per caput burden on the urban population is equally great."

Unrepresentative nature of items chosen.

"1. The estimates consider only those items in which the Canadian price is higher. No credit is given for the very large number of items that are cheaper in Canada. A great many other commodities entering into any family budget which are well known to be much cheaper in Canada are not even listed. The argument does not even pretend to examine the effects of the tariff as a whole, it merely picks and chooses among its items."

Comparison of unlike commodities.

"2. In several important cases entirely unlike commodities are compared." Quotes examples.

Inclusion of sales tax in Manitoba prices.

"3. Sales tax is included in Manitoba prices, but not in the Minnesota prices. Other forms of taxation doubtless are absorbed into the Minnesota prices, but probably not nearly to a comparable extent. About half the representative farm budget is free of sales tax. Eight per cent on the remaining half would be approximately \$40.00."

Claims on Prairie produced articles.

"4. Heavy claims are made on items which are largely produced on the prairies, e.g., sugar, harness, cement, petroleum products."

Sample prices in Manitoba's claim.

"5. The sample prices obtained are often highly unrepresentative. For example 60 per cent of the claim under building materials is for paint and shingle stain. Of the excess costs of household equipment, 70 per cent comes from the incorrect figure for washing machines. In the food budget half of the claim is for prunes, raisins and coffee."

Inclusion of revenue duties in Manitoba's tariff claim.

"6. There is no justification for including purely revenue duties in a claim of disability arising out of a protectionist policy. Coffee, prunes, raisins, and oranges come under this head, and account for \$11.00 of the \$100.00 claim for disability; or \$6,380,000 of the \$58,000,000.

"We have not had time to check much of the detail of these claims, but enough has been said to show that the figure of \$58,000,000 is without a sound statistical or logical basis."

Ontario Brief, Book 2

pp. 81-83

MANITOBA'S CLAIM

RUBBER TIRES ITEM IN MANITOBA'S CLAIMS

Ontario's Criticism:

"Rubber Tires--(Manitoba Brief, IV, p.25) U. S. item, \$11.75, is



T A R I F F (Cont'd)

MANITOBA'S CLAIM (Cont'd)

RUBBER TIRES ITEM IN MANITOBA'S CLAIMS (Concluded)

second quality, Canadian item \$16.80 is first quality. The correctly comparable price is \$14.45.

U. S. item, \$9.55 is 4 ply; Canadian item, \$14.45 is 6 ply. The correctly comparable price is \$11.55

U. S. item, \$6.70 is 4 ply; Canadian item; \$11.45 is 6 ply. The correctly comparable price is \$9.15.

The excess annual cost of tires according to Manitoba's own method should be \$4.00 and not \$9.80. The difference multiplied by 290,000 and doubled is \$3,364,000."

Ontario Brief, Book 2

p. 82

MANITOBA'S CLAIM

SAMPLE PRICES IN MANITOBA'S TARIFF CLAIM

Ontario's Criticism:

Prof. Taylor: "....in the food budget half of the claim is for prunes, raisins and coffee, and most of the rest for sugar. I do not want to appear to be too critical. The Canadian figures would indicate a consumption--I think it was a family of six, that was used, was it not? I think I saw in the evidence a family unit of six--with such a family unit the average consumption in Canada would be considerably less than 10 pounds of prunes, not 30, and rather runs about 19 pounds of raisins instead of 25."

The Chairman: "Of course they have not as much fresh fruit on the prairies, you know."

Prof. Taylor: "No, sir, but I notice they did not even specify their consumption of apples either, which were cheaper there."

"It seems to me also when you are building up a computation of the cost of the tariff or the cost of a protective device, you should not include in that what are pretty obviously purely revenue duties. It seems to me that there are four conspicuous items on the list there, coffee, prunes, raisins and oranges, none of which are grown or produced in Canada. A certain amount of coffee blending and roasting is done in Canada of course. As far as I know I do not think either prunes or raisins are produced in Canada at all, or oranges. And there is something like \$6,400,000 of that \$58,000,000 which I submit are revenue and not protective duties."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7789-90

MANITOBA'S CLAIM

WASHING MACHINE ITEM IN MANITOBA'S CLAIM

Ontario's Criticism:

"Washing machines, (IV, p. 33) U. S. item \$84.50; Canadian item, \$164.00

"This is clearly absurd. The American machine could be imported into Manitoba, freight, duty, and sales tax paid at a price of \$120.00. In fact the prevailing prices of this type of washing machine in Manitoba range between \$99.50 and \$124.50. A correction to \$120.00 involves a further deduction of \$3,555,000 from the \$58,000,000."

Ontario Brief, Book 2

p. 82

MANITOBA'S CLAIM

WEAKNESSES IN MANITOBA'S TARIFF CLAIMS

Hon. Mitchell F. Hepburn questions Manitoba's claim for compensation for loss due to disabilities caused by the operation of the





T A R I F F (Cont'd)

MANITOBA'S CLAIM (Concluded)

WEAKNESSES IN MANITOBA'S TARIFF CLAIMS (Concluded)

Dominion tariff because there is domestic free trade in Canada, and, though the Prairies "market mostly foodstuffs, and primary products;...they market them under the shelter of the tariff." Selects certain items from the Manitoba claim, showing that the Prairies have the same advantage as the East in selling articles under the protection of the tariff, and, if the East has the advantage in one article, say machinery, the Prairies have the advantage in say, bread and wheat flour. "Moreover, the rate of duty on wheat against the United States is twice the rate of duty collected on implements from the United States. (And there is trade across the Southern Boundary in wheat flour and implements.)"

He says, "I shall mention some items but only for the purpose of illustration, and without any attempt at computing the total volume of eastbound, inter-provincial trade. Indeed, a precise calculation is probably impossible."

The claim over butter, he dubs "an amazing story of inconsistency," because in 1930 the Prairie dairy pools had a prohibitive tariff erected against New Zealand only to send "representations to the Tariff Board to plead for 'an upward revision of duty on butter;' and the duty on butter was made practically prohibitory away from New Zealand. The amount of importation from New Zealand is under Government regulation. Having secured that protection the Prairie Provinces sent representatives, in 1937 to the Regina Conference for the specific purpose of claiming disability and demanding compensation under tariff policy."

In 1930 the Prairie Poultry Pools also asked for an "upward revision of the tariff on eggs."

The tariff on port, beef and veal is to the disadvantage of Eastern Canada because they are interested in selling machinery in the Argentine.

When Manitoba claims "'excess price' of washing machines amounting to \$79.50 apiece and says that the average household eats 25 pounds of raisins and 30 pounds of prunes a year, I am in disagreement because my brand of common sense tells me that either the figures are wrong or the people are all right; at least better off than the people with whose public affairs I am largely entrusted." Implies that he doubts the disabilities Manitoba claims are caused by the Dominion tariff policy.

"Whatever the merit of the case against the tariff you will not find it in the brief of the Regina Conference. The long-drawn cry of 'Eastern Exploitation' lost its savour the moment it was converted into 'terms of money'. Personally, I confess I thought the West had some grievance, but began to suspect there was deep water in sight when the economists introduced their items for the Account Rendered with the statement: 'No claim is made for its accuracy other than what ordinary common sense and objectivity can provide.'"

Ontario Brief, Book 1

pp. 26-27

POLICY, DOMINION

CONSIDERATION OF EFFECT OF DOMINION TARIFF POLICY BY COMMISSION

The Chairman:

"It is the duty of this Commission to consider the incidence of Dominion policy, as Mr. Davis has suggested, and if it is made clear that the effect of that policy is to impair the taxpaying capacity of a Province in such a way as to render that Province unable to bear the burdens of government as well as another Province which enjoys benefits from that policy, then that is a matter that should be taken into consideration in the financial arrangements between the Dominion and the Provinces."

Report of Hearings

Regina, Sask., December 9, 1937

pp. 1232-33





T A R I F F (Cont'd)

POLICY, DOMINION (Cont'd)

EFFECT OF DOMINION TARIFF POLICY ON PRINCE EDWARD ISLAND

Prince Edward Island's Case:

The effects of the national policy have been felt severely by Prince Edward Island. This policy has been distinctly not beneficial. The citizens of other Provinces grow rich at our expense, the best of our youth is attracted to other Provinces.

It should be clearly understood that Prince Edward Island was partly cajoled and partly forced into Confederation.

(Norman McL. Rogers observation re the tariff made before the Jones Commission quoted at length.)

Prince Edward Island Brief

p. 7

POLICY, DOMINION

EFFECT OF TARIFF POLICY CANNOT BE CONSIDERED APART FROM EFFECT OF OTHER DOMINION POLICIES

Ontario's Position:

Prof. Taylor: "...Then the second point that is raised is that one I have just mentioned, that the tariff policy cannot be isolated from other policy.....

.....  
"Trade policy consists, I suggest, of a great deal more than the rates of import taxes or even of import taxes plus administrative regulation. There is the other side of trade treaties and agreements, the general trade policy of the Government as a whole."

The Chairman: "In the brief submitted by Professor Carrothers in British Columbia, he dealt with the tariff disability quite independent of the effect of the trade treaties. Your view, as expressed here, is that you cannot do that, you must put the two together."

Prof. Taylor: "Tariffs are undoubtedly connected--in a very real sense the Canadian tariff cannot be made entirely in Ottawa. In a very real sense, the Canadian tariff must be made or influenced by events which happen in London, Washington, Berlin, and other parts of the world. You cannot discuss or at least, I do not see how you can discuss the Canadian tariff policy merely by concentrating attention on prevailing rates of duty or even by adding to that the administrative protection of which there has been a great deal of complaint, during the present decade."

The Chairman: "There is no doubt that it makes a vast difference in the result. If you approach it by taking the whole view as compared with a partial view, there is a vast difference. Your contention is you must take, not only the whole view of the trade policy, but the whole, sum total of federal policies?"

Prof. Taylor: "I think so, sir. I think that is developed on the next page or two of the brief. I suggest also, that trade policy is closely related to railway, shipping and monetary policy."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7755-58

POPULATION, EFFECT ON

Prince Edward Island, Mr. Campbell, for:

"We kept on growing until 1890. It took about 10 years for this wonderful national policy (i. e., the tariff) to make us the flourishing commercial and manufacturing center for this vast Dominion which we have become. It took us about ten years before we got to be that, and ever since we have lost our population by leaps and bounds in every decennial census."

Report of Hearings

Charlottetown, P.E.I., February 10, 1938

p. 4442



T A R I F F (Cont'd)

PROTECTION TO MARITIMES

EFFECT OF SUCH PROTECTION ON REST OF CANADA

Discussion of Effect:

Prof. Taylor: ".....I find that the Maritime provinces have had a very large measure of protection.

.....  
".....I think the Maritime provinces and the industrial development of Nova Scotia, is, undoubtedly, in the very heavily protected class. I suggest in the brief that: 'The tariff preferences given to Maritime ports have benefitted them and imposed substantial costs on the rest of Canada.' This is a matter of very considerable substance if we start to work out cash benefits."

Commissioner Dafoe: "I am interested in that sentence, 'The tariff preferences given to Maritime ports have benefitted them and imposed substantial costs on the rest of Canada.' I would like to get your views as to how it happens that it imposes substantial costs. There is a preference on goods coming through Maritime ports. If there were not this preference, we would have goods coming in via Maritime ports or via American ports. Is the advantage of the preference on goods brought into Maritime ports offset or more than offset by the freight rates to these other provinces? Otherwise the other provinces would share in the advantage of the preference and there would be no disadvantage to anybody; I would like to know your views on that point."

Prof. Taylor: "Well, I would assume that where British preference applied to goods entering Canada no matter how they entered, they would then come by the cheapest rate and I understand experience shows they come very largely through American ports. In order to encourage and develop, particularly Halifax and St. John, the government introduced a good many years ago, the qualification that the British preference would only be applicable if the goods were imported into Canada through a Canadian sea or river port. I suggest that this clause in the tariff has substantially increased the volume of traffic coming into Halifax and St. John, particularly during the winter season when the St. Lawrence ports are closed."

Commissioner Dafoe: "And the advantage is absorbed in freight rates, is it? The freight rates from the Maritime ports to Upper Canada must offset the advantage of the preference or there is no added burden."

Prof. Taylor: "Yes, I see the point there."

The Chairman: "I suppose if the total cost in freight rates is greater, ocean and rail,--I mean by the Maritime Ports, than it is by the rates on which goods were brought in prior to that date, to that extent it does impose a burden because in order to get a preference which they otherwise would have got they have to bring it by the more expensive route."

Prof. Taylor: "If the goods had come in through New York the cost might have been any given figure, under the new ruling. Some years ago if you brought them in by New York you had to pay the intermediate or general rate--I think it had to be the general rate because under most of our trade agreements the treaty rates were often applicable only to goods arriving by the sea or river ports of Canada. And the fact that those rates were made available if the goods came in through a sea or river port of Canada, I think this certainly conferred benefits on the sea and river ports in the form of increasing their volume of traffic, handled through those ports, and I still think would very possibly impose costs on the consumers of those goods in other parts of Canada."

The Chairman: "Of course, the provinces of Nova Scotia and New Brunswick would say it was part of the Confederation agreement, that those ports should be developed for through traffic."





T A R I F F (Cont'd)

PROTECTION TO MARITIMES (Concluded)

EFFECT OF SUCH PROTECTION ON REST OF CANADA (Concluded)

Prof. Taylor: "Yes, but I suggest then that this again should be perhaps a small, but nevertheless an appreciable offsetting item...."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7767-74

REDUCTION

Saskatchewan's Submission:

"The customs tariff should be completely removed from all instruments of production and should be drastically reduced on all necessities of life."

Saskatchewan Brief

p. 331

REGIONAL TARIFF

New Brunswick's Recommendation:

"The question of regional tariffs has been mooted and we think such tariffs might be adequate to meet the situation if they could be worked out in practice and we commend the idea for the consideration of the Commission."

New Brunswick Brief

p. 51

REGIONAL TARIFF

EFFECT OF REGIONAL TARIFF

British Columbia, Dr. Carrothers, for:

The principle of rate making which is in operation in Canada is discriminatory when applied to the whole area.

Report of Hearings

Victoria, B.C., March 18, 1938

p. 5183

RESPONSIBILITY

Commissioner Defoe:

Is not the political factor a modifying influence when it comes to considering the harsh incidence of the Dominion tariff policies? Is not Nova Scotia in a large measure politically responsible for the present tariff? In two tariff elections did not Nova Scotia support the tariff? Should these factors be considered? "I am not clear in my own mind as to whether the political factor intervenes."

Report of Hearings

Halifax, N.S., February 4, 1930

pp. 3995-96

Hon. Mr. Macdonald:

Suggests that the Federal members for Nova Scotia support the present tariff policy because it was to the national advantage and because, being Federal members they considered Dominion legislation from the national viewpoint, even though, perhaps, its incidence might bear heavily on certain regions. "In any case we have to deal with the situation as it now stands regardless of what produced it."

Report of Hearings

Halifax, N.S., February 4, 1938

pp. 3997-99



T A R I F F (Concluded)

SALES-TAX CLAIM, PRAIRIES

DENIAL OF CLAIM

Ontario, Hon. Mitchell F. Hepburn, for:

"I have already mentioned the effect of the sales-tax on the prices of the two countries." (The Hon. Mitchell F. Hepburn evidently refers to the Ontario Brief, Book 1, p. 21, where he says: "...the Prairie Provinces....turned to a comparison of retail prices between Canada and the United States") "Because the federal sales-tax applies equally to all the provinces, no special disability can be claimed under it;-----"

Ontario Brief, Book 1

p. 23

SUGAR

EFFECT OF DUTY ON SUGAR ON ONTARIO

Commissioner Dafoe:

"I cannot think that Ontario suffers any disability to the advantage of sugar production in Western Canada because I believe only 20 per cent of the western provinces' demand for sugar was supplied by them. Sugar comes into Western Canada; it is brought in from other parts of Canada. I think on sugar it would be a standoff between benefits and disadvantages."

Prof. Taylor: "We have not really made any elaborate calculation as to the benefits or costs of tariffs because, quite frankly, I do not think they mean very much. I think the impression is that the provinces are starting to set up accounts or measure statistically the benefits and costs of these policies. That is the impression, I think, from the publicity which has attached to the Manitoba brief."

Commissioner Dafoe: "You think you could build up a counter-case if you went at it seriously, do you?"

Prof. Taylor: "I am sure I could, sir."

Report of Hearings

Toronto, Ont., May 5, 1938

pp. 7766-67

WHEAT, DUTY ON

BENEFIT OF DUTIES ON WHEAT TO WESTERN GRAIN GROWERS

Commissioner Dafoe: "The benefit comes in from the external trade treaty and not from the preservation of the Canadian market, to the Canadian producer."

Prof. Taylor: "Yes, Well, I can imagine that were there no duty on wheat at all,--I do not think as a regular thing we would have a large import trade in wheat, but there might easily be substantial sporadic imports of wheat. I do not think the price of wheat in Canada is materially affected, by the duty on wheat."

Commissioner Dafoe: "No, I do not think so."

Report of Hearings

Toronto, Ont., May 5, 1938

p. 7776



## T A X A T I O N

### BURDEN OF TAXATION

#### Ontario's Claim:

"The net effect of the various factors influencing tax collections has been to take a substantial burden off the Prairies and place it upon Ontario."

Figures are quoted in proof of this statement.

Ontario Brief, Book 2

p. 18

### BURDEN OF TAXATION

#### COMPUTATION OF ONTARIO'S BURDEN

Chairman:

Ontario, Professor Taylor, for:

Chairman: "That is correct, you cannot get a fair inquiry without taking the three into account . . .", in agreement with Prof.

Taylor's statement: "we feel we cannot get a fair picture of the burden of taxation in Ontario unless you take all three kinds of taxation into consideration, Dominion, Provincial and Municipal."

Report of Hearings

Toronto, Ont., May 3, 1938

p. 7483

### BURDEN OF TAXATION

#### DISTRIBUTION OF BURDEN ON PROVINCES

Commissioner Dafoe:

Commissioner Dafoe suggests that the word "relieved" is wrong in Prof. Taylor's statement "that the operation of the system of Dominion public finance has transferred, has relieved, if you like, the Prairies of a very heavy burden, a very large amount of taxation in the lean years, in the bad years, and has transferred that burden largely to the two central provinces"; and goes on to contend that "They did not get the taxation there because there was no money on which it could be levied." And in reply to Professor Taylor's answer that "What I meant to say by the use of the word 'relieved' was that the system of taxation was such that the relief is, so to speak, automatic. In other words, take for example, it is a little absurd, if the main source of Dominion revenue had been a tax on land the result would not have been the same in that area as if you took a tax on income and consumption, "He (Commissioner Dafoe) further contends: "Yes, I think that is true, but I think in these discussions, you ought never to lose sight of the fact that Dominion taxation is uniform and that if there is more revenue coming from one area than another it arises simply from the fact that there happens to be more wealth in that area, and that there is no reflection upon the district which makes the smaller contribution, because the material out of which the contribution is made is non-existent."

Report of Hearings

Toronto, Ont., May 3, 1938

p. 7482

Professor Taylor, for Ontario:

"I may say that we are not arguing here that Ontario always has paid and always will pay 45.3 per cent of the taxes and the Prairies will only pay 15.3 per cent. The part I am arguing is that the operation of the system of Dominion public finance has transferred, has relieved, if you like, the prairies of a very heavy burden, a very large amount of taxation in the lean years, in the bad years, and has transferred that burden largely to the two central provinces."

In answer to Commissioner Dafoe's suggestion that the word "'relieved' is wrong," explains: "what I meant to say by the use of the word 'relieved' was that the system of taxation was such that the relief is, so to speak, automatic." Goes on to explain that "if the main source of Dominion revenue had been a tax on land the result would not have





TAXATION (Cont'd)

BURDEN OF TAXATION (Cont'd)

DISTRIBUTION OF BURDEN ON PROVINCES (Concluded)

been the same in that area as if you took a tax on income and consumption."

In reply to Commissioner Dafoe's argument:" . . . . I think that is true, but I think in these discussions, you ought never to lose sight of the fact that Dominion taxation is uniform, and that if there is more revenue coming from one area than another it arises simply from the fact that there happens to be more wealth in that area, and that there is no reflection upon the district which makes the smaller contribution, because the material out of which the contribution is made is non-existent."

States: "But, I merely suggest that if you could have a uniform tax it would not have that action. It might happen; in the case of a uniform land tax it would have operated somewhat differently. I should add that in the case of uniform land tax you would not have got the money in the way you have done."

Report of Hearings

Toronto, Ont., May 3, 1938

pp. 7480-82

BURDEN OF TAXATION

IMPACT OF BURDEN

Chairman:

In reference to the statement: "All that can be usefully said here, is that on the basis of the statistical evidence available we believe that the real burden of taxation in Ontario is as great or greater than that in any other part of Canada, excepting again the drought-stricken areas of the Prairies in the years since 1930." (Ont. Brief, Book 2, p. 25), the Chairman observes: "So far as income tax is concerned it is the same throughout Canada because the burden is the same, wherever the man has the means he has to pay, and on the same basis throughout Canada."

Mr. Walters: "Well, Mr. Chairman, later on I am afraid I will have to differ slightly with that statement."

Report of Hearings

Toronto, Ont., May 3, 1938

pp. 7520-21

BURDEN OF TAXATION

ONTARIO'S SHARE

Ontario's Claim:

"All that can be usefully said here, is that on the basis of the statistical evidence available we believe that the real burden of taxation in Ontario is as great or greater than that in any other part of Canada excepting again the drought-stricken areas of the Prairies in the years since 1930."

Ontario Brief, Book 2

p. 25

BURDEN OF TAXATION

ONTARIO'S SHARE OF BURDEN ON PROVINCES

Commissioner Angus: "You have not measured whether the relief given to the prairies was excessive or not enough, or just right?"

Prof. Taylor: "I am not passing judgment. We do sir, in the closing words of this section, say we feel in Ontario we have borne a reasonable share, a full share, perhaps some of us think a little more than our full share, of the burden of taxation."



TAXATION (Cont'd.)

BURDEN OF TAXATION (Cont'd.)

ONTARIO'S SHARE OF BURDEN ON PROVINCES (Concluded)

Commissioner Angus: "Would not that depend upon how much the income had fallen in the Prairies in relation to its fall in Ontario?"

Prof. Taylor: "Yes, we say later on again in this section, or rather in the next section, that the burden of taxation is naturally related to the size of the social income. We also suggest that we have not any satisfactory measures of social income in the different economic regions. That is a point we want to make in the remarks towards the end of the week."

Report of Hearings

Toronto, Ont., May 3, 1938

p. 7483

BURDEN OF TAXATION

PER CAPITA RATIOS OF TAX RECEIPTS IN PROVINCE

Prof. Taylor:

" . . . We point out on page nineteen that:  
'Dominion tax revenues in Ontario per head of population are about the same as in British Columbia; from 30 to 50 per cent higher than in Quebec; and more than double the figure for the Maritime Provinces. Compared with the Prairie Provinces they were 25 to 30 per cent higher before the depression, and have been almost double the Prairie figures in each of the last six years.'"

Chairman: "British Columbia and Ontario were very nearly the same. When we were out in British Columbia, British Columbia objected to being placed on the same level as Ontario. The Government thought it would be placing it in too fast company."

Commissioner Dafoe: "The Government said there was an attempt to put in in company too fast for it."

Prof. Taylor: "We can only let the figures speak for themselves and let the chips fall where they may."

Report of Hearings,

Toronto, Ont., May 3, 1938

pp. 7488-89

BURDEN OF TAXATION

RATIOS OF DOMINION TAX COLLECTIONS IN PROVINCES IN 1935-36 & 1936-37

Commissioner MacKay:

"It is an important thing for the Commission to consider, whether this" (the ratios of Dominion tax collections in the Provinces, 1935-36 and 1936-37, as shown in table on p. 18 of Ontario Brief, Book 3) "is likely to continue or whether it is a temporary condition."

Report of Hearings,

Toronto, Ont., May 3, 1938

p. 7488

Prof. Taylor's reply to Commissioner MacKay's question:

Commissioner MacKay: "Just going back to this table" (Ontario Brief, Book 3, Table 3, p. 18) "for a moment, Professor Taylor, you do not mean to imply that these ratios as of 1935-36 and 1936-37 are at all likely to become permanent?"

Prof. Taylor: "Are like to become permanent, sir?"

Commissioner MacKay: "I mean given reasonable prices for wheat and given reasonable crops, this structure might become changed."





TAXATION (Cont'd)

BURDEN OF TAXATION (Cont'd)

RATIOS OF DOMINION TAX COLLECTIONS IN PROVINCES IN 1935-36 & 1936-37  
(concluded)

Prof. Taylor: "I would say that given crops and prices, all good things might come unto us."

Commissioner MacKay: "It is an important thing for the Commission to consider, whether this is likely to continue or whether it is a temporary condition."

Prof. Taylor: "I would say that the answer to that question is this, that the Dominion system of public finance is such, in my opinion, that whenever the West runs into a series of lean years the same sort of variation will recur. If you reproduce, during the next five years, conditions on the prairies which existed in the late twenties, I would expect the ratios to go back to the 1928-29 figures. There is some evidence, I might say, in the fiscal year 1937-38 that there will be a significant upward turn in the western tax receipts and tax collections."

Report of Hearings

Toronto, Ont., May 3, 1938

p. 7488

BURDEN OF TAXATION

RE-DISTRIBUTION OF BURDEN

Quebec's Position:

"Au reste cette province a compris l'importance de répartir le fardeau de la taxe aussi équitablement que possible et elle a constitué une commission chargée d'étudier les divers systèmes de taxation en vue de les réviser s'il y a lieu. Cette commission est actuellement à l'œuvre. Mais soucieux de respecter les principes du gouvernement populaire, le gouvernement de cette province a pourvu à la formation de cette commission au moyen d'une loi spéciale (I George VI, chapitre 55)."

English Translation:

"Besides, this province has realized the importance of distributing the burden of taxation as evenly as possible and has appointed a commission charged with studying the different systems of taxation with a view to revising them if it should prove suitable. This commission is actually at work. Careful to respect the principles of popular government, the government of this province provided for the creation of this commission by means of a special law (I George VI, Chap. 55)."

Report of Hearings

Quebec, P.Q., May 12, 1938

p. 8137

CAPACITY, MEASUREMENT OF TAXABLE

Manitoba, Prof. Upgren for:

"Taxing capacity" cannot "be measured in terms of heads but rather in terms of income."

Report of Hearings

Winnipeg, Man., Nov. 30, 1937

p. 226

CAPACITY OF N.S., TAXABLE

Nova Scotia, Hon. Mr. Macdonald for:

Suggests three proposals to meet the problem of the low taxable capacity of Nova Scotia, namely:

1. Increased subsidies to smaller less wealthy Provinces.



TAXATION (Cont'd)

CAPACITY OF N.S., TAXABLE (Concluded)

2. A new delimitation of the taxation field with the object of giving the Provinces greater authority to impose income tax upon individuals.
3. Dominion assumption of responsibilities for certain services now constitutionally within the jurisdiction of the Provinces.

Admits in reply to questions that the Provinces have the power to impose income tax, and that several Provinces do. Also admits that Nova Scotia proposed to the Commission that the Dominion should have exclusive power to collect the Dominion Income Tax.

"We do not suggest that we take the income tax. .... we believe, of course, that some or all of these suggestions should be adopted so far as Nova Scotia is concerned."

(Mr. Macdonald does not quite know what he wants. From the verbatim evidence it seems that he has two things in mind. Firstly, a new set-up as between Nova Scotia and the Dominion, and secondly, a new reallocation of powers and responsibilities between all the Provinces and the Dominion. Unfortunately these two proposals are in a large measure contradictory.)

Report of Hearings

Halifax, N. S., February 4, 1938

pp. 4037-39

C.N.R., EXEMPTION OF

Saskatchewan, Hon. Mr. Davis, for:

The Province of Saskatchewan does not tax the C.N.R. because it is legally prevented from taxing the C.P.R., and it would not seem equitable to exempt the one and not the other.

Report of Hearings

Regina, Sask., December 13, 1937

p. 1588

CONSTITUTIONALITY OF CERTAIN PROVINCIAL TAXES

Prince Edward Island's Case:

The finely drawn legal distinction between direct and indirect taxes has created considerable difficulty in the collection of several important sources of revenue for the Provinces, such as the gasoline tax, sales tax, amusement tax, succession duties, and certain corporation taxes. Certain of the present methods of collecting these taxes border upon invalidity and we therefore recommend that any amendments be passed to clarify the jurisdiction of Provincial legislature, and to permit the Provinces to enter into the field of indirect taxation at least to an extent sufficient to enable the effective collection of these substantial sources of revenue.

Prince Edward Island Brief

p. 49

CONSUMPTION TAXES

DISTRIBUTION OF CONSUMPTION TAXES

Prof. Taylor: "I am inclined to agree, sir, although I noticed that was the measure used by British Columbia in their brief." This is said in agreement with the Chairman's comment upon the Professor's explanation of the distribution of consumption taxes. Prof. Taylor had said: "You could, of course, distribute it on the basis of where it was collected. Those figures are available of course from the Auditor General's report. It could be shown by the





T A X A T I O N (Cont'd)

CONSUMPTION TAXES (Concluded)

DISTRIBUTION OF CONSUMPTION TAXES (Concluded)

Provinces, and that would show, I may say, that Ontario paid in that very immediate and direct way very much more than our estimates show." Upon which the Chairman commented: "Of course, that would not be a fair measure".

Report of Hearings

Toronto, Ont., May 3, 1938

pp. 7473-74

C. P. R.

CLAIM FOR LOSS OF TAXATION

Saskatchewan's Suggestion:

While the Government recognizes that the original charter given to the C. P. R. and exempting it from taxation in the area now comprising the Province of Saskatchewan cannot be altered, it suggests that this special disability might be the basis for some special aid.

Report of Hearings

Regina, Sask., December 13, 1937

p. 1587

CROWN PROPERTY, EXEMPTION OF

Manitoba, Hon. Mr. Bracken for:

As regards the exemption of properties owned by the Crown in right of the Province from municipal taxation, " . . it would seem that taxes should be paid certainly on commercial enterprises. I do not see that we can defend the practice of now doing it . . . . On principle I would say that, from the point of view of the municipality, a government operated commercial enterprise should pay taxes. On the other hand, there is this to be said, that when the government goes into business of any kind and locates it in a particular locality, it confers a benefit on that locality which other localities do not get, and that perhaps is an offsetting argument when you come to balance the two. I leave it to others to decide".

Report of Hearings

Winnipeg, Man., December 8, 1937

pp. 1133-34

DIRECT TAXATION

CONTINUANCE OF DIRECT TAXATION BY DOMINION

Manitoba, Hon. Mr. Garson for:

Agrees that the Dominion should not retire from the field of direct taxation.

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 395

DIRECT TAXATION

DANGER OF INVASION OF FIELD OF DIRECT TAXATION BY DOMINION

Hon. Mr. Conant:

"I submit again that they had no thought that their handiwork might conceivably be entirely destroyed by the basis on which they left the power of taxation. When they set up our constitutional powers, defining them in the case of the provinces and also in the case of the Federal Government, leaving the residue of power with the Federal government, they exhausted the field of legislative control and government in this whole country. There is no doubt about it. When they set up the scheme of taxation, however, they presented, or left





T A X A T I O N (Cont'd)

DIRECT TAXATION (Cont'd)

DANGER OF INVASION OF FIELD OF DIRECT TAXATION BY DOMINION (Concluded;

open an opportunity, I submit, to destroy the whole structure, because it is axiomatic, it hardly needs reference before this Commission, that the power to tax is the power to destroy."

The Chairman: "The Privy Council has held that that principle does not apply under our constitution. That has been held in the United States."

Hon. Mr. Conant: "I quite understand that. But regardless of what has been held by the Privy Council or anybody else the practical application of it, and if carried to its fullest conclusion, or to the length to which the Federal Government could go, would have that result. I do not see how there can be any serious doubt as to that.

"And we, as I have said, view with very considerable alarm the situation that arises from that application of the taxation scheme that was laid down by the Fathers of Confederation. We have deduced before you, Mr. Chairman and Gentlemen, a lot of figures and data in the hope of showing to you that our fear is not groundless, and that our need is real. We are not Midas, as it were, --- the villain in the piece, sitting back without obligations but with unbounded wealth. As you can see by the figures that were filed, this province has built up rightly or wrongly, a large structure involving very heavy financial expenditures, on hospitalization, social services, and so on, which has reached very large proportions. And we must say to this Commission that if the field of taxation which is, for lack of a better name, now called 'direct Tax', is invaded by the Federal Government, our financial structure, our whole fabric of Government is, and must be, very seriously jeopardized."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7967-69

DIRECT TAXATION

POWERS OF PROVINCES

British Columbia's Submission:

As regards Provincial taxing powers the field is substantially limited to direct taxation and "it is submitted that it was understood at Confederation that the field of direct taxation would be left to the Provinces".

"Brief of Argument"

p. 4

DIRECT TAXATION

PRIOR RIGHTS OF PROVINCES

Ontario's Submission:

"The Government of Ontario submits that, inasmuch as the Provinces and their associates, the municipalities, bear the larger share of the over-increasing burden of Mothers' Allowances, direct relief, hospitalization, education and other social services' costs, they have the moral and equitable right to priority in income tax and all other direct taxes."

Ontario Brief, Book 2

p. 60



TAXATION (Cont'd)

DIRECT TAXATION (Concluded)

PRIOR RIGHTS OF PROVINCES (Concluded)

Ontario's Submission:

"We submit that each province, if it is to enjoy that measure of political self-government which is the essence of Canadian federation, must have the right to impose its own standards of public morality in its own fields of taxation. After the provinces have established their policies the Dominion may impose its conception of fiscal justice in relation to Confederation as a whole".

Ontario Brief, Book 2

p. 61

DIRECT TAXATION

REQUEST FOR RESTORATION OF DIRECT TAXATION AND NATURAL RESOURCES  
TO PROVINCE AND DEFINITION OF TERM

Hon. Mr. Conant:

"We do, however, urge very strongly upon you, Mr. Chairman and Gentlemen, that our governmental structure, our present commitments and future urgent needs make it imperative that there should be restored to us the field of direct taxation, with a reasonable interpretation of what direct taxation is, and our natural resources."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7969

DUTIES, DEATH

JURISDICTION

Saskatchewan's Submission:

"It is submitted that the subject of succession duties and death duties in general should be placed within the exclusive jurisdiction of the Dominion Parliament and that the power of legislating on the subject should be withdrawn from the Provincial legislatures".

Saskatchewan Brief

p. 116

Nova Scotia, Hon. Mr. Macquarrie, for:

Proposal No. 9 to amend the B.N.A. Act giving jurisdiction to the Dominion to propose succession, death and income taxes, under certain conditions, entails the Provinces retiring altogether in favour of the Dominion from this field of taxation.

Report of Hearings

Halifax, N.S., February 3, 1938

p. 3945

DUTIES, SUCCESSION

CONSTITUTIONALITY OF ONTARIO SUCCESSION DUTIES

Ontario's Submission:

"It is accordingly submitted that in all of its aspects the Ontario Succession Duty Act falls clearly within the constitutional limits allotted to the Province under the British North America Act." Ontario has already explained the nature of Ontario succession duties to show that they do not exceed their powers.

Ontario Brief, Book 2

p. 69

DUTIES, SUCCESSION

DOMINION JURISDICTION

Ontario's Position:

"The Government of Ontario believes that the Succession Duties are a proper provincial tax, and it takes the strongest possible exception





## TAXATION (Cont'd)

### DUTIES, SUCCESSION (Concluded)

#### DOMINION JURISDICTION (Concluded)

to the suggestions that the Dominion should take over this field of taxation, or that the Dominion should interfere in any manner in the levying and collection of these taxes by the Province. Ontario has always been willing and is still willing to enter into broad and reasonable reciprocal agreements with other provinces or states with view to avoiding unfair double taxation."

Ontario Brief, Book 2

p. 69

### EXCISE AND SALES TAXES

#### DUPLICATION OF DOMINION AND PROVINCIAL TAXES

Dominion, Mr. Sim, Commissioner of Excise, for:

Mr. Stewart: "Mr. Sim, are any of the taxes collected by your division duplicates of the provincial taxes?"

Mr. Sim: "Yes, the stock transfer tax is duplicated in the provinces of Ontario and Quebec."

Mr. Stewart: "Any other duplications?"

Mr. Sim: "There are no other real duplications of our taxes."

Report of Hearings

Ottawa, Ont., Jan. 27, 1938

p. 3647

### EXEMPTION OF PUBLIC UTILITIES

British Columbia, Hon. Mr. Pattullo, for:

Municipally owned public utilities are not subject to either Provincial or municipal taxation in British Columbia. It is not found that they should be.

Report of Hearings

Victoria, B.C., March 23, 1938

p. 5561

### FINANCING UNDER PRESENT SYSTEM

#### POSSIBILITIES

Saskatchewan, Hon. Mr. Davis, for:

If the Dominion assumes the entire cost of relief and of Old Age Pensions, and if Saskatchewan's debt was refunded on a satisfactory basis, the Province could not balance its budget, but would get within appreciable distance of balancing it. Even under the best conditions (i.e., good crops and prices) this Province with its present tax system could not produce sufficient to take care of its present obligations.

Report of Hearings

Regina, Sask., December 10, 1937

pp. 1347-48

### FISCAL NEED

#### OUTLINE

Prince Edward Island's Case:

Prince Edward Island has been extremely frugal in extending public services. There are no Mothers' Allowances, no technical education, almost nothing is spent on hospitals, the Old Age Pension is only \$180.00 a year, teachers and public servants are underpaid, relief payments are on a much lower scale than elsewhere and only a few of the problems of juvenile delinquency and child welfare are touched.



## TAXATION (Cont'd)

### FISCAL NEED (Concluded)

#### OUTLINE (Concluded)

All revenue sources have been exploited. Prince Edward Island was one of the first in the income tax field. Succession duties are relatively high and exemptions low, the gasoline tax is the highest in Canada as is the tax on chain stores. Motor vehicle licences and amusement tax are at a relatively high rate.

There is a personal property tax of .5% on all personal property, and there is a real property tax for school purposes of .4% on all extra municipal land.

A model budget submitted to the Commission outlining expenditures of \$2,117,030. as against actual present revenue of \$1,510,517. and showing a minimum deficit of \$606,513.

These facts outline the fiscal need of Prince Edward Island.  
Prince Edward Island Brief pp. 36-43

### GASOLINE TAX, COLLECTION OF

Saskatchewan, Hon. Mr. Davis, for:

The Provincial collection of the gasoline tax would be simplified if the Province were given some measure of indirect taxing powers.

Report of Hearings

Regina, Sask., December 13, 1937

p. 1599

### INCIDENCE ON INDIVIDUALS

Manitoba, Hon. Mr. Garson, for:

Agrees with the Chairman that it is in the national interest to have everyone who is able to pay a tax, contribute something to the Government of the country.

Report of Hearings

Winnipeg, Man., December 1, 1937

pp. 381 & 382

### INCOME TAX

#### AMENDMENT OF BRITISH NORTH AMERICA ACT

Nova Scotia's Submission:

Proposals to amend the B. N. A. Act:

"9. To concede to the vesting in the Parliament of the Dominion of exclusive and effective jurisdiction to impose succession and death duties and income tax if a mutually satisfactory arrangement to this effect can be reached between the Provinces and the Dominion."

Nova Scotia Brief

p. 15

### INCOME TAX

#### BRITISH COLUMBIA'S CONTRIBUTION

British Columbia, Hon. Mr. Farris, for:

Is it a fair thing for the Dominion to take from British Columbia, in income tax, as much as from all the Prairie and Maritime Provinces put together?

Hopes that the Commission's Organization will investigate why it is that British Columbia pays so disproportionately. The answer "cannot possibly be on the quick conclusion that, 'you have got the money'".



T A X A T I O N (Cont'd)

INCOME TAX (Cont'd)

BRITISH COLUMBIA'S CONTRIBUTION (Concluded)

It cannot be on the assumption either that the producing wealth of British Columbia is equal to the producing wealth of the other six Provinces.

Report of Hearings

Victoria, B. C., March 17, 1938

pp. 5029-31

INCOME TAX

BRITISH COLUMBIA'S NEED OF INCOME TAX

British Columbia, Hon. Mr. Farris for:

Relief for British Columbia must fundamentally be in connection with the income tax.

Report of Hearings

Victoria, B. C., March 17, 1938

p. 5104

INCOME TAX

BRITISH COLUMBIA'S POSITION

British Columbia's Recommendation:

"5. British Columbia first imposed an Income Tax in 1876, and is pendent in very considerable measure upon this source of revenue. The entrance of Canada into the Income Tax Field definitely limited this source of revenue to British Columbia, and has placed the Province in very embarrassing position.

" . . This situation cannot continue indefinitely. It is imperative that there shall be a readjustment and that the advantageous position which British Columbia occupied be restored".  
British Columbia Brief

pp. 351&352

INCOME TAX

COLLECTION

Manitoba, Hon. Mr. Garson, for:

"It is not a solution of our financial problem for the Dominion to retire from the income tax field, because we take the view unequivocally that it is a desirable condition to have the Dominion collect income tax and in that way effect a redistribution of wealth".

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 369

INCOME TAX

COLLECTION

Saskatchewan's Submission:

In many ways the imposition and collection of income tax can be performed more advantageously by the central government.

Saskatchewan Brief

p. 120





TAXATION (Cont'd)

INCOME TAX (Cont'd)

COLLECTION (Concluded)

British Columbia, Hon. Mr. Pattullo, for:

"A measure of economy could be effected by a joint arrangement with the Dominion and Provincial authorities with regard to income tax returns. The bases of Dominion and British Columbia Provincial taxation as at present are of such different character that collection by one authority would not be possible."

Report of Hearings

Victoria, B. C., March 23, 1938

p. 5540

INCOME TAX

COLLECTION OF INCOME TAX IN BRITISH COLUMBIA

The Chairman:

As regards the collection of income tax by the Dominion in British Columbia, should not the tax be collected from those best able to pay it? "It so happens that those who are best able to pay reside, for the most part, in Ontario, Quebec, and British Columbia".

Report of Hearings

Victoria, B. C., March 17, 1938

p. 5025

INCOME TAX

COMPARISON OF BRITISH COLUMBIA, ONTARIO, AND QUEBEC

British Columbia, Hon. Mr. Farris, for:

In comparing Ontario and Quebec in relation to British Columbia, as regards the income tax, it is necessary to consider each Province in relation of the cost of Government. This is a basic condition in my qualification of these Provinces.

Report of Hearings

Victoria, B. C., March 25, 1938

p. 5911

INCOME TAX

CONSIDERATION FOR DOMINION URGED

The Chairman:

The question of where the Dominion would get the \$150,000,000 worth of revenue now obtained from income tax, if she were to relinquish this field to the Province, cannot be ignored.

Report of Hearings

Victoria, B. C., March 17, 1938

p. 5081

INCOME TAX

CONTRARY TO SPIRIT OF CONFEDERATION

British Columbia, Hon. Mr. Farris, for:

The collection of income tax by the Dominion in British Columbia in effect results in the Dominion sharing in the spoils derived from the exploitation of British Columbia's natural resources, and this is contrary to the very spirit of Confederation, because the B.N.A. Act gave to the Provinces control of natural resources.

Report of Hearings

Victoria, B. C., March 25, 1938

p. 5076



T A X A T I O N (Cont'd)

INCOME TAX (Cont'd)

DEDUCTION OF PROVINCIAL FROM DOMINION INCOME TAX

Mr. Walters: "That" (referring to resolution adopted by Ontario on March 14, 1938, and quoted on page 57, Ontario Brief, Book 2, which reads as follows: "That in the opinion of this Assembly, inasmuch as direct taxation is especially assigned to the provinces under The British North America Act, the prior right of the provinces in the field of income tax should be recognized by the Government of Canada by making the provincial tax on persons a deduction under The Income War Tax Act (Canada).") "is just reversing the present procedure. I think they reflect the attitude of the people of Ontario, and that was a unanimous resolution."

Commissioner Angus: "Would not the point of that be that the Government would get money which the Dominion now gets, or that the total tax would be lower, or a little of both?"

Mr. Walters: "Well, the first effect would be this -- and I shall go on later to develop this thought, -- that the Province of Ontario, because of the fact that this Act is administered by the Dominion authorities, the Department of National Revenue moulded an Act which was a copy, a pocket edition of the Dominion Act, but the Government of the Province of Ontario has slightly different ideas as to what is fiscal justice, and what features of the Dominion income tax are objectionable, and this is said in no spirit of criticism of the Dominion Act, but it is believed that there are some faults in the Dominion Act which would not be found in the Ontario Act if we were free and were collecting our own tax and were setting the basis as before, as to what the rates of tax would be in the Province of Ontario. It is a very elastic measure and some time when the budgetary position of the Province will permit it we might give a discount, and when the demands are greater we might add a surtax."

Chairman: "You see, this would not involve, as I understand it, any change in the Federal Tax, but it would mean that in ascertaining the amount of the taxable income for federal taxation purposes the amount payable to the Province would be deducted from the total income. Is that the effect?"

Mr. Walters: "That is it, Sir. It would require no change in forms. Any person subject to tax under the Dominion Act at the present time is subject to tax under our Act, be the amount ever so small, and the reverse would be true."

The Chairman: "Of course, if your tax did not exceed your present tax that might not be such a serious encroachment on the Dominion income, but if you raised your tax very substantially the Dominion would necessarily receive a very much reduced return from income tax."

Mr. Walters: "Naturally."

The Chairman: "Have you worked it out at all? Suppose your income tax remained on its present basis and you had the first claim upon the income, have you figured out how much it would amount to?"

Mr. Walters: "Yes, we have, Sir, and I shall be glad to supply a schedule. Provided that the present exemptions prevailed and the present rate of tax obtained and continued, on the present rates, the loss in revenue to the Dominion would be approximately \$1,000,000."

Commissioner Angus: "Is that from Ontario alone, or counting the other Provinces?"





T A X A T I O N (Cont'd)

INCOME TAX (Cont'd)

DEDUCTION OF PROVINCIAL FROM DOMINION INCOME TAX (Concluded)

Mr. Walters: "The schedule refers to Ontario only."

The Chairman: "How much would it increase the Ontario Income Tax?"

Mr. Walters: At the present rates of tax, slightly over \$1,000,000.

Commissioner Angus: "Do you mean Ontario would gain more than the Dominion lost?"

Mr. Walters: "Yes. Of course, it depends on the classes of income from which the taxes arise, but it is not a tremendous question to the Dominion provided the rates of tax are constant."

The Chairman: "There is the point if the rates were constant it is not a very vital matter, but if the Ontario rates were moved away up then it would make a vital difference."

Mr. Walters: "Well, I think I have already expressed myself, that it is the belief of the Government that it is not wise to attempt to push these progressive rates too high."

Commissioner Angus: "I gather if the Province gained more than the Dominion lost, that the actual payments by the taxpayers would be higher than they are now."

Mr. Walters: "Slightly, yes."

Commissioner Angus: "But the evil, such as it is, of driving capital away or making it difficult for rich men to exist would be greater?"

Mr. Walters: "No, but that tax collected by the Province of Ontario would relieve him from other taxes."

Report of Hearings

Toronto, Ont., May 3, 1938

pp. 7600-02

INCOME TAX

DEFENCE OF PROVINCIAL TAX

British Columbia, Hon. Mr. Farris, for:

So far as British Columbia's financial status is concerned, we take the unassailable position that she should have the income tax.

Report of Hearings

Victoria, B. C., March 17, 1938

p. 5080

INCOME TAX

DISCOURAGING FEATURES

Ontario's Criticism:

There are a number of discouraging features about the personal income tax. "The application of the Dominion Income War Tax to personal incomes also includes a number of features which discourage investment and the development of new undertakings."

1. Distinction between "earned" and "investment" income:

"One such feature is the highly arbitrary distinction between 'earned' and 'investment' income." Definition of "earned" and "investment" income is quoted from Dominion Income War Tax.



T A X A T I O N (Cont'd)

INCOME TAX (Cont'd)

DISCOURAGING FEATURES (Cont'd)

2. Surtax on Higher Income:  
Ontario thinks surtax on higher incomes discourages saving for new investment. "The wholly arbitrary surtax on salaries exceeding \$14,000. a year, a surtax over and above all other surtaxes, discourages or prevents a substantial amount of saving and investment by men who are in an especially good position to direct advantageously the flow of new investment."
3. Advantage of British and American definition of "earned" and "investment" income:  
Ontario points out the advantage of United States and British plans. "It can be seen that in the United States and in Great Britain the definition of earned income has a purpose of value to the taxpayer. It gives the taxpayer an incentive to make a larger earned income because he will receive a larger credit before the tax is applied. In Canada this is not the case." Points out the severity of the Dominion tax.
4. Averaging losses against profits:  
Losses should be averaged against profits, as is done in Great Britain. "Another discouraging aspect of the Dominion Income War Tax Act is that there is no provision for the averaging of losses made in one year against the profits in another." Gives example of this. "Serious consideration should be given to the institution of the principle of averaging losses and profits over a term of years."
5. Balancing of profit and loss in incomes from different sources:  
Profit and loss from different sources of income should be taken into consideration as it is in Britain and United States. "Another serious fault is that the Dominion Income War Tax Act refuses to regard the taxpayer's income as a whole, in the one situation where it ought so to be regarded. . . . This practice" (of not being able to balance profit and loss) "clearly discourages individuals from actively assisting or participating in new or allied undertakings."
6. Taxation on "bookkeeping" profit:  
Ontario thinks provision ought to be made for bookkeeping profits only. "Some provision should be made for an undertaking whose income is a bookkeeping profit and not a withdrawable cash profit. The present Act makes no distinction between an income which might be in cash and another income which might be in inventories of merchandise, accounts receivable, plant, machinery, equipment and buildings. A developing and expanding business may for several years show a profit on its books, but have a net working capital position which makes the present high rate of tax most embarrassing. It might even be that this embarrassment would be so great that the business would have to be materially curtailed and its growth permanently retarded."
7. Deductions for life insurance premiums:  
There should be deduction for life insurance premiums. "An Income Tax Act should allow a deduction with respect to life insurance premiums paid out of income. The refusal to make such allowances discourages self-help." This is done in Great Britain with limits. "It is suggested that life insurance premiums on policies up to \$12,000 lump sum value or annuities up to \$1,200 a year ought to be allowed as deductions from taxable income."





TAXATION (Cont'd)

INCOME TAX (Cont'd)

DISCOURAGING FEATURES (Concluded)

8. Deduction for University Student:

"inasmuch as the Dominion Government contributes nothing to the upkeep of the Universities of Canada, it is submitted that the Dominion Act should grant exemption or a deduction for the expense for a son or daughter attending University in the same manner in which a deduction is allowed for a dependent child."

9. Unfairness of penalty for underestimation:

"It is submitted that any over-payment of tax should carry interest at 3% to be calculated from four months after the overpayment first was made."

Reasons for Criticism of Dominion Income Tax:

"These points have been raised, not in criticism of the technical administration of the Dominion Income War Tax Act, but as points in which Ontario's experience of the past few years has indicated that changes are desirable. The Ontario Act, of course, contains all the same faults, because for administrative reasons, and to simplify the task of the taxpayer in preparing his returns, the Ontario Act has been made, mutatis mutandis, identical with the Dominion Act, except in the matter of rates of tax."

Ontario Brief, Book 2

pp. 63-67

INCOME TAX

DISTRIBUTION AMONG PROVINCES

New Brunswick's Position:

Commissioner Dafoe: "Well, you have made it plain that if the Dominion keeps the income tax it ought to give you a portion of it."

Hon. Mr. Jones: "Yes".

Report of Hearings

Fredericton, N.B., May 18, 1938

p. 8606

INCOME TAX

DOMINION INVASION OF PROVINCIAL FIELD

Ontario's Case:

"Section 92 of the British North America Act specifically empowers the Provinces to impose direct taxes, and Section 91 empowers the Dominion to raise money 'by any mode or system of taxation.' It is not argued that the Dominion has no power to tax incomes. That issue was settled in the case Rex v. Caron. But it is argued that the Dominion's incursion into the personal income tax field was accepted by both the Dominion authorities and the provinces as being justified only by the existence of a national emergency, and that the steady extension by the Dominion of its income tax administration, and especially its assumption of prior right in this field of taxation, are contrary to the spirit of the British North America Act and not in accordance with the conventions of the constitution."

Ontario Brief, Book 2

p. 56





T A X A T I O N (Cont'd)

INCOME TAX (Cont'd)

DOMINION INVASION OF PROVINCIAL JURISDICTION

Ontario's Opinion:

Mr. Walters: "Unfortunately, Mr. Chairman, it has never been deliberately or seriously reviewed."

The Chairman: "I wonder if that is quite a correct statement, Mr. Walters? Do you not think that the government, in considering the fiscal need and budgetary requirements of the government have considered carefully the sources from which the government could get revenue? Has it not been a necessity for the Dominion budgetary position, that the Government should have revenue from these sources, and if not where would the government get its revenue?"

Mr. Walters: "I am afraid, Mr. Chairman, that if it ever has received the deliberate consideration of the Government, the Government must have taken a very one-sided view and wholly disregarded the crying need of the province as well as the province's desire to help the distressed municipalities. These municipalities are being crushed and driven into bankruptcy today by being called upon to assume a burden which the municipality should not be called upon to bear. I am sure if the Dominion Government had considered the matter, it would consider that the income tax is only a part of the fiscal system."

The Chairman: "Of course, it is only a part, but it does constitute a very important part of the Dominion revenue."

Report of Hearings

Toronto, Ont., May 4, 1938

pp. 7612-13

INCOME TAX

EFFECT OF DOMINION TAX ON AMOUNT OF INCOME SUBJECT TO PROVINCIAL TAX

In reply to Commissioner Angus' question as to the reason for using the word "necessarily" in the following statement: "In the Province of Ontario not only are the rates of tax exactly half those of the Dominion, but the basis of income subject to tax in the Ontario Act is necessarily reduced by the amount of tax to which the same income is subject under the Dominion Act" (Ontario Brief, Book 2, pp. 56 and 57), Mr. Walters says: "Because I submit that the Act also offends against the canon -- I think I can use that word -- that tax ought to be such as would not discourage capital and production, and I submit now, Sir, that to establish a progressive rate of tax offends against that canon, and we would add to the offense if we piled on and put a taxpayer in the position -- if we imposed the same rate of tax, a man with an income of \$1,000,000 would be a minus quantity; he would just owe us money and have nothing to live on. Big incomes would disappear and the burden would fall on the little ones, and the man who suffers the most is the one in the lowest economic scale."

Commissioner Angus: "Does it not really mean that you fix your rates as a matter of policy and choice?"

Mr. Walters: "Yes, just like a man when he is standing on the shore and there is a lion behind him and in the water there is a shark. He has to take his choice as to whether he will stay on the land or jump into the water. We take the plunge."

Report of Hearings

Toronto, Ont., May 3, 1938

pp. 7598-99



TAXATION (Cont'd)

INCOME TAX (Cont'd)

EFFECT OF DOMINION INCOME TAX ON ONTARIO REVENUE FROM SUCCESSION DUTIES

Mr. Walters:

In reference to a statement on page 33, Ontario Brief, Book 2, "Moreover the heavy rates of Dominion income tax must in the long run substantially reduce the number of very large estates from which the largest part of the receipts" (from succession duties) "come", Mr. Walters says: "We submit that the higher bracket rates of income tax imposed by the Dominion encroach upon the wealth itself, and discourage others from bringing their wealth into the Province of Ontario and into the Dominion."

The Chairman: "You think the rate of income tax in the higher brackets is too high?"

Mr. Walters: "I have no hesitation in saying that is my opinion."

Commissioner MacKay: "There is no discrimination against this province in that respect; that applies to every province."

Mr. Walters: "No, we do not suggest that, but later on I shall suggest, Professor MacKay, that there is a great need for new free capital to come into this country for the modernization of industry to enable us to compete with foreign firms in our own home market and in world markets, and this free capital will only move where it is to its greatest advantage and will not come in the face of high taxation, or taxation that does not make provision for the development of years."

Report of Hearings

Toronto, Ont., May 3, 1938

p. 7540

INCOME TAX

EXEMPTION FROM DOMINION INCOME TAX

Ontario's Request:

"The Province requests that in order to preserve to the Province the full benefit of its natural mining resources the Federal Government should exempt from the operation of the Income Tax Act all profits derived exclusively from mining operations, which are subject to Provincial Mines Profits Tax; the Dominion to tax only the profits made by these companies upon their milling, smelting and refining operations. If this is done, the Province is ready to assume the geological survey work done hitherto by the Federal Department of Mines."

Ontario Brief, Book 2

p. 55

INCOME TAX

IMPROVEMENT OF PRESENT SCHEME OF INCOME TAXATION

Ontario's Suggestions:

Mr. Walters: "... In developing the argument as to types of income to be taxed, the measuring of the ability of the taxpayer to pay and the sort of taxes which should be imposed, I think this government would put forward, perhaps, what was said by the great French economist Professor Say who, I believe, was a great friend of Adam Smith, and who said that taxes ought to be such as are favourable to the public morality. By that, I understand that they should be favourable to the ideals of fiscal justice held by the people in a particular organized state and it is in that spirit,





TAXATION (Cont'd)

INCOME TAX (Cont'd)

IMPROVEMENT OF PRESENT SCHEME OF INCOME TAXATION (Concluded)

that ideal that we present what we call some of the 'short-comings' of the Dominion Income Tax Act. It is not advanced as a criticism of the Act, nor as a criticism of the administration, because the administration of the Dominion Income Tax, particularly with respect to the way in which the Dominion has administered the Ontario Income Tax, is highly satisfactory. Getting back to Professor Say's canon, 'Such taxes as are favourable to the national morality;' this suggests improvements in the Act and puts forward the idea that an Act drawn by the province of Ontario would correct some things which in the opinion of this government are false in the Dominion Act."

Report of Hearings

Toronto, Ont., May 4, 1938

pp. 7609-10

INCOME TAX

JURISDICTION

Saskatchewan's Submission

The income tax field, including the tax upon incomes of corporations, should be reserved exclusively to the Dominion Parliament.

Saskatchewan Brief

p. 333

Prince Edward Island, Hon. Mr. Campbell, for:

"There has been an agitation on the part of some of the Provinces at least that the Dominion should leave the field of income tax. I think . . . that such an arrangement would be undesirable."

While there are certain merits in having only one income tax, there are also certain limitations. The Dominion should not leave the income tax field.

Report of Hearings

Charlottetown, P.E.I., Feb. 11, 1938

pp. 4490-91

INCOME TAX

OTHER SOURCES OF DOMINION TAX

British Columbia, Hon. Mr. Farris, for:

While British Columbia is unable at this stage to make suggestions regarding how and where the Dominion might recompense itself for the loss of its income tax revenue, there is one very important point that should not be overlooked. The Provinces are limited to a narrow field of taxation; the Dominion is not. "We are on a fixed track. The British North America Act has defined what we can do and all that we can do!"

The Dominion Parliament must ultimately solve the problem of where to find alternative sources of revenue. The Dominion is in a more mobile position.

Report of Hearings

Victoria, B. C., March 17, 1938

pp. 5086-87

INCOME TAX

PER CAPITA DISTRIBUTION

British Columbia, Hon. Mr. Hart, for:

Emphatically states that British Columbia was not a party to a resolution, passed by an inter-Provincial conference in 1918, urging that the Dominion distribute a certain percentage of its income tax collection among the Provinces on a population basis.

Report of Hearings

Victoria, B. C., March 25, 1938

p. 5932



T A X A T I O N (Cont'd)

INCOME TAX (Cont'd)

PER CAPITA DISTRIBUTION (Concluded)

British Columbia, Hon. Mr. Pattullo, for:

Also repudiates any suggestion that British Columbia was a party to the resolutions passed by the inter-Provincial conference in 1918.

Report of Hearings

Victoria, B. C., March 25, 1938

p. 5932

INCOME TAX

PER CAPITA DISTRIBUTION

New Brunswick's Position:

Mr. Stewart: "That is not the present view of the province of New Brunswick,-- distribution on a per capita basis?"

Hon. Mr. Jones: "Yes, our view is that in some way we should be assisted. If the Dominion insists upon keeping the collection of it we ought to have something from it on a reasonable basis, and if it were on a per capita basis I think it would be quite acceptable to the province."

Report of Hearings

Fredericton, N.B., May 18, 1938

pp. 8602-03

INCOME TAX

PRIOR RIGHT OF PROVINCES

Ontario's Resolution:

"On March 14th, 1938, the Legislative Assembly of the Province of Ontario unanimously adopted the following resolution: 'That in the opinion of this Assembly, inasmuch as direct taxation is especially assigned to the provinces under The British North America Act, the prior right of the provinces in the field of income tax should be recognized by the Government of Canada by making the provincial tax on persons a deduction under The Income War Tax Act (Canada).'"

Ontario Brief, Book 2

p. 57

INCOME TAX

REASONS FOR SOLE DOMINION CONTROL; DANGERS OF PROVINCIAL JURISDICTION

Dominion, Mr. Elliott, Commissioner of Income Tax for:

Mr. Elliott: " . . . I am going to leave the thought with you now 'have we unfettered control of our income tax?' We have provinces that can impose income tax, let us say, in the rear if we are facing outward to the nations of the world, and we have to carry on this international battle, at the same time fighting a rearguard action if our provinces are going to impose income taxes across Canada. I suggest you cannot use a financial measure to advantage if you find that nine provinces are using the same kind of an instrument and those provinces are recognized abroad by the nations and there is no reciprocal allowance for the taxes paid, in other words, to the provinces. So, the broad burden is on the taxpayer and he is not relieved from taxation, and if the taxpayer is being overly-burdened he is going to take the capital away and that hurts our revenue."

Report of Hearings

Ottawa, Ont., Jan. 31, 1938

pp. 3798-99



T A X A T I O N (Cont'd)

INCOME TAX (Cont'd)

RELIEF TO PROVINCES BY REDUCTION OF DOMINION RATES

Mr. Walters:

"I would like to say one thing before we leave, which arises out of Professor Angus's question; that without any change in our statute a great measure of relief might be given to the taxpayers of Ontario by a reduction in the Dominion rates. It would have the effect first of decreasing the tax of all the citizens, and second, by leaving a larger amount of income for us to tax. So that it would confer two benefits."

Report of Hearings

Toronto, Ont., May 3, 1938

p. 7602

INCOME TAX

RETIREMENT OF DOMINION FROM INCOME TAX FIELD

New Brunswick's Request:

"As above suggested the exigency which arose at the time of the war is not present today and has not been present for many years and the Dominion should long have abandoned the field of income taxation."

"It is hoped that the Commission will be able to make a recommendation that some reasonable adjustment of these income tax collections may be made between the Dominion and the Province."

New Brunswick Brief

pp. 28 & 29

INCOME TAX

RETROACTIVE INCOME TAX LEGISLATION

Dominion, C. Fraser Elliott, K.C., Income Tax Commissioner, for:  
Mr. Stewart: "I just want to mention that they also object to retroactive taxation legislation, but I suppose that is a matter upon which you do not care to express an opinion?"

Mr. Elliott: "I think I would express an opinion on that because there is no person with whom I have spoken, in or out of the government, who does not want to get away from the retroactiveness of legislation."

Report of Hearings

Ottawa, Ont., Jan. 27, 1938

p. 3641

INCOME TAX

RIGHT TO INCOME TAX

Saskatchewan's Submission:

The Government of Saskatchewan is unqualifiedly opposed to the suggestion that the Dominion should abandon the income tax field in favour of the Province.

"If there is to be any abandonment it should be by the Provinces." This last would not only eliminate expense, relieve the Provinces of Constitutional limitations, but would also afford a means of assisting certain Provinces through allocation of the revenue derived from the tax.

Article by Mr. M. McL. Rogers, favourably quoted stating "invasion of this field of taxation (i.e., income) by the Dominion was fortuitous but fortunate; it enables the Dominion to act as a distributing agency."

Saskatchewan Brief

p. 121





TAXATION (Cont'd)

INCOME TAX (Cont'd)

RIGHT TO LEVY INCOME TAX FOR SOCIAL SERVICES

Ontario, Hon. Mitchell F. Hepburn for:

"It follows that the provinces charged with social services should make the initial levy on incomes arising within the provinces. The federal income-taxing officer should step in only when the provincial needs have been satisfied.

" . . . . I take it we agree that it is poor politics, and worse economy, that one government should tax for another to spend."

Ontario Brief, Book 1

p. 11

INCOME TAX

SIMILARITY OF SASKATCHEWAN AND DOMINION

Saskatchewan, Hon. Mr. Patterson, for:

Net income in Saskatchewan for income tax purposes is practically the same as under the Dominion Act: in fact, the Saskatchewan Act is largely copied from the Dominion Income Tax Act.

Report of Hearings

Regina, Sask., December 13, 1937

p. 1580

INCOME TAX

TERRITORIAL LEVYING

Commissioner Daffoe:

The situs of income tax collection has no territorial significance. "It is just a question of where the money is."

Report of Hearings

Victoria, B. C., March 17, 1938

p. 5026

INCOME TAX

THEORY FOR IMPROVEMENT

Nova Scotia, Hon. Mr. Macdonald, for:

Feels that the income and succession duties tax should be made more progressive than at present.

Report of Hearings

Halifax, N.S., February 4, 1938

p. 4063

INCOME TAX, CORPORATION

DISCOURAGEMENT TO CAPITAL

Ontario's Contention:

Ontario believes corporation tax and lack of deductions for obsolescence discourage the investment of badly needed capital. Capital is essential to economic development. "No economic system can function progressively where taxation drains the principal sources of new capital to finance current expenditure." Quotes figures to show that new industrial issues have fallen drastically since 1929, and that the total capital employed in Ontario manufacturing has decreased since 1930. Claims that "over the next few years probably not less than \$200,000,000 is required for modernization.

"The principal discouragement to such investment is the very high rate of tax on corporation profits. This is a form of double taxation which is both onerous and uncertain, especially to foreign investors.



T A X A T I O N (Cont'd)

INCOME TAX, CORPORATION (Cont'd)

DISCOURAGEMENT TO CAPITAL (Concluded)

"Another discouragement is that the Income War Tax Act expressly disallows the deduction of obsolescence losses on machinery and equipment (Section 6-B). " . . . The argument in favour of permitting generous allowances for obsolescence is that it encourages modernization of plant and replacement of out-of-date machinery. It is generally agreed that the law in England has been of definite value in encouraging modernization, and in stimulating the capital goods industry during the depression.

"In Canada depreciation allowances are more generous than in England. There are, however, a number of industries, e.g., hosiery, furniture, certain metal trades, where the allowance of obsolescence would immediately stimulate capital expenditures in plant replacement. The immediate cost to the Treasury would be small, and the loss would be more than returned to the Treasury in the tax revenues from the larger profits of later years."

Ontario Brief, Book 2

pp. 62 & 63

INCOME TAX, CORPORATION

INVASION OF PROVINCIAL FIELD

"The Dominion government by its corporation tax on the profits of mining and lumbering has levied a tax upon that which belongs to the provinces and, therefore, disregards the intention of Confederation that the natural resources should be the particular property of the provinces and that any benefit that should be derived therefrom should flow to the province."

Ontario Brief, Book 2

p. 54

INCOME TAX, CORPORATION

JURISDICTION OVER CORPORATION INCOME TAX

Saskatchewan's Submission:

Consideration should be given to the advisability of giving exclusive jurisdiction to the Dominion in the taxation of corporations, the receipts from such taxation being allocated among the Provinces. However, the control of corporations must remain in the Provinces and indeed needs extending.

As an alternative it is submitted that the taxing powers of the Provinces be enlarged so as to make a tax on the gross revenue of corporations legally valid.

Saskatchewan Brief

p. 123

INCOME TAX, CORPORATION

RETENTION OF CORPORATION INCOME TAX BY DOMINION

Ontario's Position:

Commissioner Angus: " . . . . . What could take the place of the income tax as a means of transference?"

Mr. Walters: "There are many transferences besides this method, but I say that probably the demands of fiscal justice would be fully met by allowing the corporation tax to be still administered by Ottawa, to which this government makes no objection."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7617





T A X A T I O N (Cont'd)

INCOME TAX, (CORPORATION (Cont'd)

RIGHT OF DOMINION TO TAX MINING OF GOLD

Mr. Walters: "... the contention that the province makes, Mr. Chairman is this; that the Dominion is quite justified in taxing the operation of the refineries and so on, but the profit which arises from bringing gold out of its original position in the earth, the whole benefit of that should accrue, so far as taxation revenue is concerned, to the province owning the mine, or in which the mine is situated."

The Chairman: "It was by reason of the Dominion government's monetary policy that gold received its increased value. This increased the value of gold and the products of the mines."

Mr. Walters: "Oh, yes."

The Chairman: "Should not the Dominion have a share of that in the taxes?"

Mr. Walters: "No, because after all the Dominion of Canada does not fix the price of gold, it follows the price set by the other countries."

The Chairman: "It did fix it, but it followed the others, of course."

Mr. Walters: "It did fix it, and took the profit from it, although it gave part of it back to the banks, under pressure."

Commissioner MacKay: "Still, the Dominion has expended quite a bit of money, has it not, Mr. Walters, on the development of the mines in Ontario?"

Mr. Walters: "Mostly in the public press."

The Chairman: "Take the enormous expenditure on geological survey."

Hon. Mr. Leduc: "If I may say a word as to that, in 1935, I think the Dominion Government spent 14.7 of its total vote in Ontario and collected from the metal mines in this province about 80% of the tax derived from the metal mines in Canada."

The Chairman: "But it is expended over a long term of years."

Hon. Mr. Leduc: "I do not think the contribution is quite as important as that."

Commissioner MacKay: "It may not equal it, but it seems to me it is one item you have left out of account in that argument."

Mr. Walters: "I think, Professor MacKay, if you get down to figures, it is negligible. Of course, in some of the write-ups I have seen in the papers, I almost thought the Department of Mines at Ottawa put the gold in the ground in the first place."

The Chairman: "They are not quite equal to Providence yet."

Mr. Walters: "But they are improving."

Commissioner MacKay: "All I want to say is this: If you are going to say it is all brought into production by the expenditure of the Ontario Government, that is not an accurate statement. If you are going to say that Government has contributed to this development then you must take into account the contributions of all Governments."



T A X A T I O N: (Cont'd)

INCOME TAX, CORPORATION (Cont'd)

RIGHT OF DOMINION TO TAX MINING OF GOLD 9(Concluded)

Mr. Walters: "Well, I maintain this; that regardless of what the Dominion Government did about the price of gold, that we could have mined the gold and we could have sent it abroad and sold it without their interference, and the world price of gold being raised from \$23 and something to \$35. We would have got that price just the same."

Commissioner MacKay: "You are on another point."

Mr. Walters: "I thought I was on your point. Your point, as I understand it was that by reason of the fact that the Dominion Government had raised the price of gold, that they should get a larger amount of the tax."

Commissioner MacKay: "That was the Chief Justice's point."

Mr. Walters: "Oh, and that was a great stimulus to the mining industry and stimulated the opening and development of low-grade mines. That is a fact, but there are no thanks due to the Dominion Government; it would have occurred just the same. The Dominion Government simply followed along the world price of gold. I think that is a correct statement."

The Chairman: "I just wanted to get your point of view on that point, Mr. Walters."

Commissioner MacKay. "The point I made was, if you are going to take into account expenditures of government as a factor in the development of your natural resources, then you ought to take into account also the expenditures of the Dominion Government in the same way, and that should be counted up if you are going to try to make an estimate."

Mr. Walters: "Then I would say the Dominion Government is amply repaid many times over for having brought into existence this gold out of the ground, and on which they can levy a tax on the manufacturing process, so that it does react to their benefit;;they get back any money they put into it. You are touching us on a vital point, Sir."

Report of Hearings

Toronto, Ontario, May 3, 1938

pp. 7584-87

INCOME TAX, CORPORATION

TAXATION OF MINING PROFITS

Commissioner MacKay: "On what grounds, Mr. Walters, is it urged that the Dominion should not tax the profits of the mines? Is it on constitutional grounds, or on the ground that the Province has made this investment?"

Mr. Walters: "On two grounds; first on constitutional grounds, and second on the ground that we pay the expense of building the roads and maintaining the service up to the mines, and often develop parts of the country where the mines do not go into production for years, and perhaps never . . . ."

Hon. Mr. Leduc: "It is on both grounds, as Mr. Walters has said. First of all, I think there is a distinction to be made between mines or minerals, or other metal resources of the Province. You can grow a forest again, you can reforest an area of land, and you can grow a crop every year, and fish and game will multiply, but



TAXATION (Cont'd)

INCOME TAX, CORPORATION (Concluded)

TAXATION OF MINING PROFITS (Concluded)

once you have taken the ore out of a mine it is gone forever, it is really capital that we are taking out of the ground all the time, and those are our resources, those are the natural resources which, according to Confederation, were given to the province."

Commissioner MacKay: "But there was no limit on the power of the Dominion to tax them."

Hon. Mr. Leduc: "No, I admit that, of course, and then as Mr. Walters has said, the other ground is that we have spent enormous sums of money to develop these mines, and we are just wondering if it is worth while going on because when we build roads and when we build railroads and when we provide the services then the Dominion Government steps in and takes \$3, or approximately \$3, for every dollar we secure in the way of taxation. Now, one of my colleagues reminds me that we have to provide hydro-electric power for the mines in the north country. In the south, of course, as we all know, hydro-electric is a municipal institution and it is run on a non-profit basis, the different municipalities contribute, through their rates, whatever is necessary to build the lines, maintain them, and pay the sinking fund and the interest on the borrowings. In the north country the provincial government puts up the money to build these lines which bring power to the mines, and if my recollection is correct, I believe we are providing about 110,000 horsepower at the present time to the mines in northern Ontario. My colleague reminds me of the cost of the Abitibi Canyon Development, which is upwards of \$21,000,000."

The Chairman: "Is not the returns from the sale of power now adequate to meet the cost of operation and interest on the investment?"

Hon. Mr. Leduc: "I have not the figures, Mr. Chairman, but it all depends on the life of the mines. It is very hard to say in advance."

.....

Mr. Walters: "It is just impoverishing the country."

The Chairman: "In one sense, yes, and in another sense, enriching it. I am not speaking of enriching it in relation to the taxation, problem, but the general situation. A mining development helps improve the general situation of a country."

Report of Hearings

Toronto, Ont., May 3, 1938

pp. 7593-95

INCOME TAX, ONTARIO

PRAIRIE CONTRIBUTION

Saskatchewan, Hon. Mr. Davis, for:

The production of wheat in Saskatchewan is reflected in the income tax of Ontario because a great portion of it flows out of this Province down to Eastern Canada.

". . . we feel that a large amount of income tax paid in the East really comes from the West."

Report of Hearings

Regina, Sask., December 13, 1937

pp. 1582-86





T A X A T I O N (Cont'd)

INDIRECT TAXATION

DANGER THAT PROVINCES MAY USE POWERS TO ESTABLISH TRADE BARRIERS  
BETWEEN PROVINCES

Saskatchewan's Submission:

The danger that Provinces may use the power of indirect taxation to establish trade barriers between the Provinces is not a serious one in the opinion of the Government of Saskatchewan. So long as it is abundantly clear that the B. N. A. Act gives exclusive jurisdiction over customs and excise to the Dominion there can be little danger in extending the indirect taxing powers to the Provinces.

Saskatchewan Brief

p. 125

The Chairman:

"One would have to be very careful in the distributing of powers of indirect taxation not to leave it possible for any Province to impose a discriminatory tax likely to result in interference with inter-Provincial trade."

Report of Hearings

Regina, Sask., Dec. 13, 1937

pp. 1614-15

Saskatchewan, Hon. Mr. Davis, for:

Agrees with the Chairman and suggests amendments to the B. N. A. Act could make it clear that there should be no discrimination between the Provinces.

Report of Hearings,

Regina, Sask., December, 1937

pp. 1614-15

INDIRECT TAXATION

EFFECT OF PROVINCIAL POWERS

Manitoba, Hon. Mr. Garson, for:

The power of the Provinces to levy indirect taxes, if given, might mean the creation of inter-provincial trade barriers, which would greatly disrupt the whole scheme of Confederation.

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 391

INDIRECT TAXATION

POWERS OF PROVINCES

Saskatchewan's Submission:

Suggestion that provincial powers of taxation should be enlarged so as to include a limited power of indirect taxation, including taxes on retail sales, other than on alcoholic beverages, tobacco, spirits, cigars, etc., which are subject to customs and excise duties or tax in Canada, or are intended for delivery outside the Province: also a tax on the patronage of hotels, restaurants and places of amusement.

Saskatchewan Brief

p. 124

INDIRECT TAXATION

POWERS OF PROVINCES

Saskatchewan's Submission:

The Provinces of Canada should be given powers of indirect taxation.

Saskatchewan Brief

p. 333



TAXATION (Cont'd)

INSURANCE PREMIUM TAX, LIFE

AS SATISFACTORY A WAY OF TAXATION AS POSSIBLE AT PRESENT

Dominion, Mr. Finlayson, Superintendent of Insurance, Loan and Trust Companies, for:

Mr. St. Laurent: "Do I understand, Mr. Finlayson, that if the circumstances are such that the activities of life insurance companies have got to be taxed this premium tax would seem to be the most practical way of taxing them."

Mr. Finlayson: "I think that is right. I think insurance companies would prefer it. I think it is the simplest and best suited all round."

Report of Hearings

Ottawa, Ont., Jan. 26, 1938

p. 3488

INSURANCE PREMIUM TAX, LIFE

ECONOMY, EFFICIENCY, AND AVOIDANCE OF DUPLICATION WITH DOMINION  
AS CENTRAL COLLECTION AGENCY

Dominion, Mr. Finlayson, Superintendent of Insurance, Loan and Trust Companies, for:

Commissioner MacKay: "Assuming the continuance of the premium tax, what is the most convenient way of collecting it, through a provincial taxation authority? or through the Dominion?"

Mr. Finlayson: "That goes to the point of administration expense I think it would be quite possible for all these taxes, all these premium taxes to be collected by Dominion machinery and then be distributed to the provinces according to the incidence of the premium. It is a tremendous burden on the companies to make out separate income taxes for every province and then for the fire and casualty companies as well as the Dominion. The Dominion imposes a tax on the fire and casualty companies and every other province in Canada imposes a tax; all these taxes are verified by separate returns. Now, it would be very simple for the tax, assuming it can be made uniform, to be made on one return to the Dominion. We have now the various premium and income taxes imposed by the provinces, then we have to reallocate it and pay it to the various provinces; that can be done in the absence of uniform tax because we can say in respect of any province so much premium income has been received from that province and that province is to have its one, two or three per cent of that amount. It would save an enormous amount of clerical and administrative work on the part of the company."

Mr. St. Laurent: "I suppose it would save an enormous amount of clerical and administrative work on the part of the companies?"

Mr. Finlayson: "And also on the part of the administrative officials when these returns are received. Whenever these returns are received they must be checked, filed and tabulated. It means there must be about ten sets of officials doing that sort of work where one would do."

Mr. St. Laurent: "And the allocating would be a very small duty as compared with the amount of work that is now done?"

Mr. Finlayson: "It would be nothing, a very simple arithmetical computation."

Report of Hearings

Ottawa, Ont., Jan. 26, 1938

pp. 3489-95





T A X A T I O N (Cont'd)

INVESTIGATION OF PER CAPITA RATE URGED

British Columbia, Hon. Mr. Farris, for:

Somebody should investigate the per capita rate of taxation in British Columbia. There is no part of Canada which pays taxation such as British Columbia. "If all parts of Canada were paying a tax equivalent to that of British Columbia, that might be one answer to how Canada could get along."

Report of Hearings

Victoria, B. C., March 25, 1938

p. 5919

JURISDICTION, SURRENDER OF

CONDITIONS

Prince Edward Island's Case:

Prince Edward Island while admitting that certain sources of revenue (e.g., liquor revenue) might be transferred with benefit to the Dominion Government, the fiscal position of Prince Edward Island is such that if revenue sources are to be transferred the necessary general additional subsidy from the Dominion will have to be increased protanto.

Succession Duties, income and personal property taxes, and corporation taxes are closely connected and none can be surrendered without the loss of practically all. The present rates are high and the exemption low, and thus any transfer to the Dominion would mean a gain to the Dominion of less than the loss to the Province.

Thus, while recognizing some merit in the proposal for the transfer of income taxes, succession duties and liquor taxes to the Dominion, Prince Edward Island cannot recommend or consent to such a transfer unless we are assured of a compensating source of revenue, besides the additional revenue already outlined and necessitated by our fiscal need.

Prince Edward Island Brief

pp. 47-49

LAND TAX

BURDEN ON REAL ESTATE

Manitoba, Hon. Mr. Bracken, for:

"There is no question" (but) "that the burden" (i.e. taxation) "is unfairly resting on property."

Report of Hearings

Winnipeg, Man., December 3, 1937

p. 617

LAND TAX FOR SCHOOLS

PROBLEM OF SCHOOL FINANCE

Manitoba, Hon. Mr. Major, for:

As land, the main source of Municipal taxation, cannot bear any further burden of taxation, it is evident that a solution of the problem of school finance cannot be an increase in the school tax on land.

Report of Hearings

Winnipeg, Man., December 1, 1937

p. 278



TAXATION (Cont'd)

MUNICIPAL TAXATION

NECESSITY OF RELIEF OF BURDEN OF TAXATION ON REAL ESTATE

Ontario's Opinion:

Hon. Mr. Cross: ". . . the province recognizes the problem of the burden upon real estate and we are taking the best methods we can, within the limitation of our own budget requirements, to deal with that situation because we feel that socially it is of the utmost importance that the building of homes be encouraged and that it be a profitable investment for any farmer or urban dweller to own his own home. Where real estate taxation has mounted, as it has inclined to do in recent years, it has been perhaps a deterrent of that tendency and we are most anxious to do whatever we may within, as I say, the requirements of the Province to alleviate the situation and we have, as indicated, in 1938 alleviated that position to the extent of \$13,000,000."

Report of Hearings

Toronto, Ont., May 5, 1938

p. 7745

POWERS

DESIRABILITY OF DEFINITION OF DOMINION AND PROVINCIAL POWERS

Ontario's Submission:

Hon. Mr. Conant: "But I submit, Mr. Chairman and Gentlemen, our difficulties are of a different kind. They arise from different considerations. Mr. Lang discussed from his brief the question of taxes -- direct and indirect taxation, and the desirability of a clear definition. Well, the province would be very glad to have a clear definition provided but that in the construction of the definition the province does not lose all its taxing powers."

The Chairman: "You would have to leave that to the courts, Mr. Conant."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7965

POWERS

EXHAUSTION

Saskatchewan's Submission:

Saskatchewan has to all intents and purposes exhausted all the avenues of taxation reasonably open to it and the burden of taxation upon the people of the province has now reached an extreme limit.

Saskatchewan Brief

p. 105

POWERS

EXTENSION OF PROVINCIAL POWERS

British Columbia's Recommendation:

"6. The Provinces should be granted authority to raise their own revenue by whatever means deemed necessary in the light of circumstances and requirements. This, if carried out, would place beyond question all taxes as now levied and would authorize the imposition of other taxes, such, for example, as the business turnover tax or the retail sales tax."

British Columbia Brief

p. 352



## TAXATION (Cont'd)

### POWERS (Cont'd)

#### EXTENSION OF PROVINCIAL POWERS (Concluded)

British Columbia, Hon. Mr. Pattullo, for:

As regards taxation, the B. N. A. Act should be changed to give the Provinces certain additional rights of taxation. For example, the present gasoline and oil tax should be put beyond any question of constitutionality. The division of taxation powers between the Dominion and the Provinces should be a matter of law, rather than discussion.

Report of Hearings

Victoria, B. C., March 16, 1938

p. 4841

### POWERS

#### INADEQUACY FOR SOCIAL SERVICES

Manitoba's Case:

The Provinces have not at present the powers of taxation necessary to meet the outlay for the many social functions of Government, which through judicial interpretation, have become the exclusive responsibility of Provincial Governments.

Manitoba Brief, Part 2

p. 41

### POWERS

#### NECESSITY OF DETERMINING DOMINION AND PROVINCIAL POWERS

Mr. Lang:

"Well, I am prepared to say this, that I think so far as indirect taxes for the raising of revenue in the province is concerned, that power resides somewhere in the Act; the decisions are that the totality of taxing powers, all powers, is within that Act, and the question arises, and was raised by Lord Phillimore in the Carron case, as where that power was---the power to levy an indirect tax for the raising of revenue in a province. Now, there is no authority to suggest that the province may have it, but for the raising within the province, it might be that there could be an indirect tax. However, it is quite an academic question."

Report of Hearings

Toronto, Ont., May 6, 1938

p. 7960

### POWERS, PROVINCIAL

#### ONTARIO'S NEED OF JURISDICTION OVER ALL PROVINCIAL POWERS

Ontario's Position:

"The Province of Ontario does not believe that it is practicable or efficient to transfer many of the most expensive social services to the Dominion. It believes that the municipalities must have increasing relief from their expensive responsibilities. The Province of Ontario, therefore, cannot give up any present source of substantial revenue, and must in fact, insist on a more strict recognition of its clearly established legal and moral rights in the field of direct taxation and natural resources."

Ontario Brief, Book 2

p. 35

### PRODUCTION TAX

#### FEASIBILITY

The Chairman:

What does the Saskatchewan Government think of the suggestion made in





TAXATION (Cont'd)

PRODUCTION TAX (Concluded)

FEASIBILITY (Concluded)

The Chairman:

the Bank of Canada report that Saskatchewan should do as the Egyptians did, and, by levying some sort of a production tax, make provision for lean years out of good years?

Report of Hearings

Regina, Sask., December 16, 1937

p. 2080

Saskatchewan, Hon. Mr. Davis, for:

Admits that this is a sound principle in the case of a business but it is hardly feasible in the case of a democracy.

Report of Hearings

Regina, Sask., December 16, 1937

p. 2080

PROPOSALS

Saskatchewan's Submission:

As regards taxation, the Province of Saskatchewan proposes:

1. That the Dominion Government administer succession duties, income tax, and corporation tax, and that the proceeds be distributed amongst the Provinces on the basis of population or any other satisfactory basis.
2. As an alternative in the case of corporations some method should be devised to enable the Provinces to reach companies incorporated under Dominion charter and other outside companies for taxation purposes.
3. Consideration should be given the Province with reference to the handicap suffered in connection with the exemption of the C.P.R. from taxation.
4. That Provincial powers of taxation be enlarged so as to include a limited power of indirect taxation.
5. Co-operation between the Dominion and the Province should be encouraged.

Saskatchewan Brief

p. 126

PUBLIC UTILITIES, TAXATION OF PUBLICLY OWNED

Nova Scotia, Hon. Mr. Macdonald, for:

Feels that the Canadian electrical association is on solid ground when it complains that privately owned electrical companies pay far more in the way of taxation than publically owned utilities due largely to the latter being exempted from certain taxes.

Report of Hearings

Halifax, N.S., February 8, 1938

p. 4221

RAILWAY TAXATION, CLAIM FOR LACK OF

Saskatchewan's Submission:

Consideration should be given the Province of Saskatchewan because of the constitutional handicap in the matter of taxing railways.

Saskatchewan Brief

p. 333

READJUSTMENT, FEAR OF RADICAL

Prince Edward Island's Case:

The so-called "national" tariff policy has worked to the great detriment and disadvantage of Prince Edward Island and the other Maritime



T A X A T I O N (Cont'd)

READJUSTMENT, FEAR OF RADICAL (Concluded)

Prince Edward Island's Case:

Provinces as compared with the larger central Provinces. However, through drastic economies and by doing without many of the services enjoyed by other Provinces, and by exploiting every feasible source of revenue, Prince Edward Island has succeeded in obtaining a balance between revenue and expenditures. This financial balance has been obtained due to frugality and an almost niggardly scale of public services. It is thus with extreme caution that we approach the question of Dominion-Provincial relations because of our fear that any radical change might upset the finely adjusted fiscal balance of this Province.

Prince Edward Island Brief

p. 1

REAL ESTATE TAXATION

BURDEN ON MUNICIPALITIES, NECESSITY OF RELIEVING

Ontario's Conditional Submission:

Mr. Walters: "Well, I do not think there is any question about it, that the Government agrees with the submission of the municipalities: first, that real estate is over-taxed to pay for services which are not connected with real estate; and second, the Government agrees that something must be done for the municipalities to take over the burden on real estate; and the third, this Government, realizing its responsibility there and is anxious to do it, comes before this Commission and humbly submits that it could do these things if it were left to enjoy its own natural resources and to collect its own taxes which are peculiarly appropriate to their field of taxation. So that there is no disagreement there, they have made their case and they are right."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7691

REAL ESTATE TAXES

SOLUTION OF HOUSING PROBLEM

Chairman:

"Mr. Walters, I judge from this statement" ("Lower real estate taxes and low interest rates together with greater economic security, are probably, in the long run, more useful lines of attack on the housing problem than the often spectacular programs of mass demolition and rebuilding." Ontario Brief, Book 2, p. 34) "your opinion is that the tax on real estate at the present time, particularly in urban centres, is excessive and is retarding the building of low-priced houses?"

Mr. Walters: "Yes, that is the opinion of the Government and as evidence of that is the desire of the Government to assist the municipalities. It has in various ways assumed burdens and taken over a large share of the burden of counties and rural municipalities, and has given a subsidy of one mill to each of the municipalities at a cost of \$3,000,000. The City of Toronto got \$902,000. If money is available,-- if there is employment and money is available and the rates of tax on real estate are low, men will build their houses, or people with money to invest will either build for renting or lend for building."

Report of Hearings

Toronto, Ontario, May 3, 1938

p. 7543





T A X A T I O N (Cont'd)

REVENUE, PROPOSAL FOR DISTRIBUTION OF DOMINION

Saskatchewan, Hon. Mr. Davis, for:

The distribution of the subsidies from the income, corporation, and succession duties, which it is proposed the Dominion alone should levy, should either be on the per capita basis across Canada, or else by the Grants Commission for equalization purposes.

"Instead of nine pots on the stove, you would have one big bucket held by the Dominion, and the Dominion would use that bucket to see that the level of water in each pot is the same."

(Commissioners Angus and McKay seemingly critical)

Report of Hearings

Regina, Sask., December 13, 1937

p. 1590

SALES TAX

CANADIAN MANUFACTURERS' ASSOCIATION'S ARGUMENT THAT DOMINION'S COSTS HAVE BEEN INCREASED BY ADMINISTRATION OF SALES TAX

Dominion, Mr. Sim, Commissioner of Excise, for:

Mr. Stewart: "I assume, Mr. Sim, that you have seen the statement made to this Commission by the Canadian Manufacturers' Association, and in particular their statements with regard to the Sales and Excise Taxes?"

Mr. Sim: "I had an opportunity of reading them, Mr. Stewart."

Mr. Stewart: "A number of statements are made in that Brief that have particular reference to the Sales Tax, and I should like to get your views regarding them. The argument was raised by the Manufacturer's Association in support of their statements that the Sales Tax should be decreased, or in time, abolished. There are three points to which I wish to direct your attention: the suggestion that the Sales Tax increased the cost of governmental administration. In support of that the following statement was made on page 3 of the Brief, because of the administration of this law it has been necessary to establish a Department of the Government with a large staff of employees, including officers attached to the different Customs Houses. It also states that it is necessary to have a large staff of government auditors, who are engaged in auditing the business of licencees from time to time."

Mr. Sim: "That statement is not entirely accurate, certainly no department was formed. What happened was that the government took the old Inland Revenue division and merged it with the Customs, as I recall it, in the year 1921. The tax in its present form came into being in 1925, so that all that happened was that the government simply asked the existing department of excise to take it over. There has been some increase in the staff. You can appreciate that there was created the necessity for more auditors. There has been some additions to the head office staff to deal with the questions which come to them. However, no special department of government has been formed in that regard."

Report of Hearings

Ottawa, Ont., Jan. 27, 1938

pp. 3648-49

SALES TAX

CANADIAN MANUFACTURERS' ASSOCIATION'S ARGUMENT THAT MANUFACTURER BEARS BURDEN OF SALES TAX, WHICH IMPORTER ESCAPES

Dominion, Mr. Sim, Commissioner of Excise, for:

Mr. Stewart: "It is claimed that one of the effects of the manu-



TAXATION (Cont'd)

SALES TAX Cont'd)

CANADIAN MANUFACTURERS' ASSOCIATION'S ARGUMENT THAT MANUFACTURE  
BEARS BURDEN OF SALES TAX, WHICH IMPORTER ESCAPES (Concluded)

Dominion, Mr. Sim, Commissioner of Excise, for: (Concluded)  
facturers having to pay sales taxes on these items referred to--  
under the heading of Manufacturing Costs--is that it works to his  
disadvantage as compared with the importer of manufactured goods.  
This is on page three under subheading G: 'The sales tax operates  
as a discrimination against domestic products as compared with im-  
ported products.'

Mr. Sim: "Yes, the statement there is that the purchase price,  
'of raw and semi-manufactured materials will not include any item  
of tax. . .'. This presupposes that there are no taxes in the  
country from which these goods would come."

Mr. Stewart: "I suppose the point is that insofar as the Canadian  
organization is concerned, he does not?"

Mr. Sim: "I think it should be read in the light of the explana-  
tion I have just given, that raw material or semi-manufactured  
goods are exempt. Mr. Norman, asks me to make it clear to you  
that I was speaking of Canada."

Mr. Stewart: "It is suggested that the sales tax in Canada is a  
burden imposed upon the manufacturer which the importer does not  
have to pay. It is suggested that the manufacturer is collecting  
the tax for the government, whereas the importer is looked after  
for his returns are looked after by the government Customs or  
Excise Organization?"

Mr. Sim: "I think the only thing which can be said in that regard  
is that every time a person imports goods he has to pass the cus-  
toms and is, perhaps, put to more difficulty than the manufacturer.  
The manufacturer makes up his statement of sales at the end of the  
month, but on every occasion that the importer gets a shipment of  
goods he has to pass through the Customs and compute the duty and  
taxes. I do not think there is much in that point."

Mr. Stewart: "You do not think it involves any particular burden  
which the manufacturer has to carry?"

Mr. Sim: "I do not think so. I would like to have the other  
people here to debate the point, but it would appear from what I  
understand the situation is, that there is no special hardship im-  
posed upon either the importer or the manufacturer."

Report of Hearings

Ottawa, Ont., Jan. 27, 1938

pp. 3650-52

SALES TAX

CANADIAN MANUFACTURERS' ASSOCIATION'S ARGUMENT THAT SALES TAX HAS  
INCREASED MANUFACTURERS' COSTS

Dominion, Mr. Sim, Commissioner of Excise, for:

Mr. Stewart: "The second point is that the Sales Tax increases  
manufacturing costs. . . . Is that statement accurate?"

Mr. Sim: "It is correct in so far as it relates to advertising,  
office supplies and machinery. You will notice it also refers to  
materials which would be consumed in the manufacturing processes.  
Of course, all raw material or semi-manufactured goods can be pur-  
chased free of tax under the licensing system. There was an exemp-  
tion in the Act of 1925, but in 1933 when the need for revenue was





T A X A T I O N (Cont'd)

SALES TAX (Cont'd)

CANADIAN MANUFACTURERS' ASSOCIATION'S ARGUMENT THAT SALES TAX  
HAS INCREASED MANUFACTURERS' COSTS (Concluded)

Dominion, Mr. Sim, Commissioner of Excise, for: (Concluded)  
felt, the government cut out the exemption. However, since 1936  
there has been an amendment to the Act exempting those materials  
which will be found in Schedule III of the Special War Revenue Act.  
There is a complete list of exemptions contained in that Schedule.  
Part of it reads as follows:

'Materials, not to include plant equipment, consumed in the  
process of manufacture or production which enter directly  
into the cost of manufacture. . .'  
So that statement is not correct in that respect."

Mr. Stewart: "What page is that on?"

Mr. Sim: "It is on page 38 of the Special War Revenue Act. I  
quote:

'Materials (not to include abrasives, lubricating oils, fuel  
oils or non-permanent plant equipment) consumed, or otherwise  
than by waste or wear, in the process of manufacture or pro-  
duction of taxable goods.'

Report of Hearings

Ottawa, Ont., Jan. 27, 1938

pp. 3649-50

SALES TAX

CANADIAN MANUFACTURERS' ASSOCIATION'S SUGGESTION THAT SALES TAX  
SHOULD BE REFUNDED TO MANUFACTURERS IF PURCHASERS GO BANKRUPT

Dominion, Mr. Sim, Commissioner of Excise, for:

Mr. Stewart: "The suggestion was made, Mr. Sim, in the same  
Brief to which I have referred that where a purchaser of goods  
from a manufacturer becomes bankrupt or for any reason is not  
able to pay the manufacturer, that the manufacturer should be  
entitled to a rebate of the Sales Tax on those goods for which  
he has not been paid. They contend that there should be some  
system of refund in such cases."

Mr. Sim: "One of the prime objections to that is that such a  
privilege may be abused. You have to come back to the circumstan-  
ces under which the tax is levied. It is a tax levied on the man-  
ufacturer, it is not levied on his customers. It is levied on him,  
and it is part of his manufacturing costs. It would be a rather  
risky business. If you have a system of refunds for bad debts, you  
would be paving the way for fraudulent transactions. However, it  
is rather a matter of policy."

Report of Hearings,

Ottawa, Ont., Jan. 27, 1938

pp. 3653-54

SALES TAX

CONCESSION TO NEW BRUNSWICK FOR DOMINION INVASION OF SALES TAX  
FIELD

New Brunswick's Position:

"If this condition" (imposition of Dominion sales Tax) "is per-  
mitted to continue it is only reasonable that some concession  
should be made to the provinces to make up to them the loss in  
revenue which they have sustained and are sustaining in reference  
to this matter."

New Brunswick Brief

p. 30





T A X A T I O N (Cont'd)

SALES TAX (Concluded)

DUPLICATION OF DOMINION AND PROVINCIAL SALES TAXES

Dominion, Mr. Sim, Commissioner of Excise, for:

Mr. Stewart: "... Now, the last day you suggested that the only point on which there was some duplication as between Dominion and provincial tax structure was in connection with the stock transfer tax in Quebec and Ontario. There is an act in Saskatchewan, is there not, that is somewhat in the nature of a sales tax?"

Mr. Sim: "I am glad you asked that question because it enables me perhaps to indicate the difference between that form of tax and our sales tax. The tax in Saskatchewan is known as the Education Tax, but it is in effect a retail sales tax of two per cent. There is a similar tax imposed by the city of Montreal. These are the only two other sales taxes, so called, in Canada. But there is an essential difference between that form of sales tax and ours; perhaps the prime difference is that the tax in Saskatchewan and the tax in Montreal is collected from the purchaser by the retailer, whereas our tax is collected at the source,--from the manufacturer or producer, or the importer, as the case may be. So that we are dealing in our sales tax with an entirely different set of people; we are dealing, as I have indicated, with the source and we are collecting our tax at the point of final manufacture. These other taxes are collected at the final stage just as the goods are being handed to the consumer. I am glad to bring that out because I want to indicate to the Commission that there is no overlapping and that we are not collecting a tax from the same group of people as the provincial and the city of Montreal authorities."

Report of Hearings

Ottawa, Ont., January 31, 1938

p. 3784

SALES TAXES, REASON FOR

Nova Scotia; Hon. Mr. Macquarrie, for:

Proposal No. 5 to amend the B. N. A. Act, in which it is suggested that the Provinces be given the power to impose taxes of the nature of sales taxes, is made with the object of facilitating collection of existing taxes rather than of extending the scope of present Provincial taxes.

Due to past judicial decisions in regard to what constitutes a direct tax and an indirect tax, the Provinces have had to resort to numerous legal devices in order to prevent tax legislation being ruled ultra vires: the result has been, in certain cases, a clumsy and relatively inefficient system of tax collection and has had the effect of making retail merchants Provincial tax collectors.

Report of Hearings

Halifax, N. S., February 3, 1938

pp. 3900-10

SERVICES, SOCIAL

COLLECTION BY SPENDING AUTHORITY

Hon. Mr. Jones: "It is said that the authority expending money should be charged with the responsibility of collecting it. This may or may not be true in general, but it would not apply here."

Mr. Stewart: "Mr. Jones, will you indicate why, if this principle were true in general, it would not apply with particular force to the situation as existing as between the Dominion and the provinces? I should think if the principle had application at all it would apply just there, would it not?"



T A X A T I O N (Cont'd)

SERVICES, SOCIAL (Cont'd)

COLLECTION BY SPENDING AUTHORITY (Concluded)

Hon. Mr. Jones: "I am not quite sure that I understand. I think it does apply with very great force."

Mr. Stewart: "But the expending authority should be the collecting authority?"

Hon. Mr. Jones: "I think it does not apply there, because there are two authorities expending the money, and of course that involves the question that was asked a few moments ago. There are two authorities expending the money, that is the reason it does apply. If the Dominion contributed the whole part and the province had the right to expend it, then I think that principle would apply, but if we are contributing a large enough amount to make us feel the burden of it, then I think that that principle would not apply because there are two authorities concerned in the expenditure of the money and the province is sharing to such an extent that it feels an interest in the expenditure."

Report of Hearings

Fredericton, N. B., May 18, 1938

p. 8521

SERVICES, SOCIAL

COLLECTION BY SPENDING AUTHORITY

Ontario's Position:

"It is said that the authority expending money should be charged with the responsibility of collecting it. This may or may not be true in general, but it would not apply here."

New Brunswick Brief

p. 4

STOCK TRANSFER TAX

COLLECTION OF STOCK TRANSFER TAX BY DOMINION

Dominion, Mr. Sim, Commissioner of Excise, for:

Mr. Stewart: "Would you be willing to express an opinion as to whether your division could undertake the collection of stamp taxes to which you refer?"

Mr. Sim: "That is the stock transfer tax?"

Mr. Stewart: "Yes."

Mr. Sim: "It is a matter of opinion whether any continuing good would accrue from such an arrangement. I understand it was represented to the Commission that it would be beneficial. It would appear that a single administration for the stock transfer tax would obviate the necessity of double returns. It would only be necessary to send in one auditor instead of both a federal and provincial auditor."

Mr. Stewart: "There would only be the one auditor?"

Mr. Sim: "Yes, and it would remove the possibility of conflicting rulings on some points of law. During the time which this has been discussed with the provinces there have been some objections raised, the principal one of which was that it would necessitate the discharge or absorption into other services of a large number of provincial employees. Another, and slightly smaller difficulty, would be the necessity for bringing the Acts into absolute uniformity before there could be any hope for a single administration."





T A X A T I O N (Cont'd)

STOCK TRANSFER TAX (Concluded)

COLLECTION OF STOCK TRANSFER TAX BY DOMINION (Concluded)

Dominion, Mr. Sim, Commissioner of Excise, for: (Concluded)

Mr. Stewart: "Uniformity, certainly with regard to the incidence of the taxes."

Mr. Sim: "That would certainly be essential."

Mr. Stewart: "I imagine the actual rate could be worked out."

Mr. Sim: "There is not really any material difference in the Acts of the provinces and our own. I think the Ontario Act was modeled largely on the federal statute and I think that is also true, to a lesser degree, in the case of Quebec. The rates are almost the same."

Report of Hearings

Ottawa, Ont., January 27, 1938

pp. 3647-48

SUCCESSION DUTIES

ADVANTAGES OF DOMINION JURISDICTION

New Brunswick's Contention:

"It seems that a Dominion administration of this particular field of taxation would be more satisfactory in some respect than administration by the province. The authorities at Ottawa, in having access to income tax returns, through the banks and other sources of information, would be better able to determine the proper amount to be paid than would a provincial administration. The Dominion would also be able to provide that the estates pay only one tax instead of, as now, being subject to a succession of tax assessments."

New Brunswick Brief

pp. 30 & 31

SUCCESSION DUTIES

COLLECTION

Saskatchewan, Hon. Mr. Davis, for:

The collection of succession duties could be done more efficiently and equitably under Dominion supervision.

Report of Hearings

Regina, Sask., December 13, 1937

p. 1594

SUCCESSION DUTIES

DIVISION OF REVENUE BETWEEN PROVINCES AND DOMINION

New Brunswick's Submission:

"If the collection of succession duty is made by the Dominion, it should only be upon a guarantee that the revenues be apportioned to the several provinces on a per capita basis or on some plan which would result in a fair adjustment based upon the foregoing considerations.

"Our submission is that the duties be collected by the provinces unless some arrangement, based on the consideration hereinbefore mentioned can be agreed upon as to the distribution of the amounts collected.

"If the provinces are to continue the collection of succession duties an effort should be made to put a stop to the successive assessments through the transfer of shares and securities above referred to."

New Brunswick Brief

p. 31



T A X A T I O N (Cont'd)

SUCCESSION DUTIES (Cont'd)

DIVISION OF SUCCESSION DUTIES BETWEEN PROVINCES

New Brunswick's Contention:

"Succession duty must be regarded as a tax upon the people who contribute to the building up of the estate and it seems only fair that the province in which the contributing parties reside should participate in respect of the succession duty collections."

New Brunswick Brief

p. 30

SUCCESSION DUTIES

DOMINION COLLECTION OF SUCCESSION DUTIES

Ontario's Position:

Commissioner Daffoe: "One of the briefs presented here last week said that the effect of the present lack of arrangement was that it limited the freedom of people to make investments. That is they had to consider where they had better have their investments before they died. That is not a very desirable thing to happen in a country."

Mr. Walters: "I submit it is not an insurmountable obstacle and almost is not a factor of any great importance."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7671

SUCCESSION DUTIES

DOMINION COLLECTION OF SUCCESSION DUTIES

Ontario's Opinion:

Mr. Walters: "I wonder if that claim is not set forth to bolster up a case for the centralization of this tax in order that the tax that Ontario claims at the present time as its exclusive right is distributed in the same manner as is the Dominion income tax? I rather think that these objections are magnified for that very reason."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7672

SUCCESSION DUTIES

DUPLICATION OF SERVICES

Ontario's Position:

Mr. Walters: "I think the present system is ideal and the overlapping is not as great as one would imagine. It does not occur in, I guess, one case in probably five hundred."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7669

SUCCESSION DUTIES

JURISDICTION

Saskatchewan's Submission:

The levying of succession duties should be assigned exclusively to the Dominion of Canada, and the monies derived should be paid to the Provinces on an equitable basis.

Saskatchewan Brief

p. 333



T A X A T I O N (Cont'd)

SUCCESSION DUTIES (Cont'd)

JURISDICTION (Concluded)

Prince Edward Island, Hon. Mr. Campbell, for:

Believes that there is considerable merit, in a general way, in the suggestion that the Dominion take over both succession duties and income tax. However, the difficulty in regard to this Province is that we cannot afford to give up any of our revenue. Moreover our succession duties and income tax are about up with our corporations tax, and our personal property tax and "the loss of one would practically mean the loss of all." Thus, if the Dominion were to take over the proposed Social Services, and also these sources of revenue, Prince Edward Island would suffer a net loss of approximately \$60,000 a year, and, considering the finely balanced state of our finances, we simply could not afford to do this.

Report of Hearings

Charlottetown, P. E. I., February 11, 1938

pp. 4523-24

SUCCESSION DUTIES

NECESSITY OF RELIEF FROM DUPLICATION

New Brunswick's Case:

"At present, every province where shares or securities of corporations are registered exacts a succession duty from the estate irrespective of the place where the deceased is domiciled at the time of his death. This duty is required to be paid before the shares or securities are transferred on the books of the company. In some cases the fees exacted by the several provinces where a deceased person happens to own shares or securities amount to a very large proportion of the whole estate and there is immediate necessity that there should be some relief in respect of this burdensome taxation."

New Brunswick Brief

p. 31

SUCCESSION DUTIES

UNIFORM RATE OF SUCCESSION DUTIES

Ontario's Position:

Mr. Walters: "... I think you will agree with me that there is no ground for a demand for a uniform rate of succession duty. I think you will agree that there is no demand for it and there is no ground for a demand."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7667

TRANSFERENCE OF REVENUE

Ontario's Opinion:

Hon. Mr. Conant: "Quite. But the difficulty, Mr. Chairman and Gentlemen, is deeper seated than that. We introduced into the discussion here the word 'transfer'. I am not an economist, but it occurred to me that the word was rather a refinement on the good old fashioned idea of taking from one person or one body and giving it to somebody else. I think essentially that is what it means. And the matter of alarm so far as this province is concerned is in the present tendency to apply that to our present day conditions. And it results from the fact, no doubt, that after seventy years as a nation all the provinces are not in the same economic condition. I submit with all deference, that, stripped





## TAXATION (Concluded)

### TRANSFERENCE OF REVENUE (Concluded)

#### Ontario's Opinion: (Concluded)

of all the verbiage and literature and data that may have been and which may be submitted to this Commission, the fundamental problem arises from that, and the difficulty is to provide an answer to that problem.

.....  
". . . And as I understand the whole setting--the whole background and atmosphere--the thought is that the Federal Government should take over the grief, worries, and responsibilities that are confronting some of the provinces in the Dominion, and should extend the taxation which has been commenced. Well, Mr. Chairman and Gentlemen, we in this province look upon that with very great alarm.

.....  
". . . But Ontario, I submit, is not the one primarily responsible for this economic status, whatever may have been the cause."

#### Report of Hearings

Toronto, Ont., May 6, 1938

pp. 7965-67

### TREATMENT, EQUALITY IN

#### Saskatchewan, Hon. Mr. Davis, for:

Saskatchewan does not desire a handout on the part of the Dominion nor suggests a policy of "share the wealth", but only desires equitable treatment in the Federation of Canadian Provinces.

#### Report of Hearings

Regina, Sask., December 9, 1937

p. 1197

### WAGE TAX IN BRITISH COLUMBIA

#### Saskatchewan, Hon. Mr. Davis, for:

"There is a wage tax.....in the Province of British Columbia for, while it may be called a special income tax, it is actually a wage tax, but we have not got that tax here....."

#### Report of Hearings

Regina, Sask., December 13, 1937

p. 1572

### YIELD, INCREASE OF

#### Manitoba, Hon. Mr. Garson, for:

The taxable capacity of Manitoba, if not of the entire West, has already been exploited to the full. Except to the extent that changes in National Policy or in other conditions affecting Provincial income increased Manitoba's taxable capacity, there would be no purpose in its attempting to invoke the power to impose indirect taxation, unless perhaps to provide a substitute for objectionable direct taxes to be repealed.

#### Report of Hearings

Winnipeg, Man., December 1, 1937

p. 387

## TRADE

### INTER-PROVINCIAL TRADE

#### British Columbia, Hon. Mr. Pattullo, for:

There is no statutory discrimination in British Columbia against the products of other Provinces.

#### Report of Hearings

Victoria, B. C., March 23, 1938

p. 5556



T R A D E (Cont'd)

INTER-PROVINCIAL TRADE (Concluded)

RESTRICTIONS ON INTER-PROVINCIAL TRADE

Ontario, Hon. Mr. Hepburn for:

"May I digress for one moment from the brief to refer to a memorandum which was sent me this morning by an official of the Liquor Control Board. I was amazed to find that Manitoba, low tariff Manitoba, undertook by regulating prices to ban the import of beer from this province, and free trade Saskatchewan by a prohibitory enactment has banned the importation of beer from Ontario entirely."

Report of Hearings

Toronto, Ontario, May 2, 1938

pp. 7447-48

POLICY, TRADE

EFFECT ON CANADIAN INDUSTRY

Ontario's Denial:

Ontario denies that trade policy concentrated industrial development in Ontario. "But it is frequently asserted that the tariff has concentrated industrial development in Ontario and Quebec. This is an entirely unwarranted assumption. Under a different Trade policy there might have been different kinds of industrial growth, there might have been a larger or smaller quantity of industrial development, but such industrial development as would have taken place would still have been concentrated in the Lower Lakes--St. Lawrence area. Under any Trade policy industry would have developed and would have settled where population was densest, where power and transportation facilities were cheapest. Southern Ontario and Quebec are the inevitable industrial areas of Canada. It is even probable that the Canadian Tariff policy has actually tended to disperse industry in Canada."

Ontario Brief, Book 2

pp. 79 & 80

T R A D E C O M M I S S I O N E R S

APPOINTMENT

NECESSITY OF IT BEING PRIMARILY A DOMINION RESPONSIBILITY

Dominion Department of Trade and Commerce Submission:

Chairman: "Yes, I notice you state the proposition on page 15:" (Memorandum of Department of Trade and Commerce) "The drawing of a sharp line to delimit future federal and provincial spheres of activity in relation to export trade promotion presents great difficulty. As already mentioned, this whole class of work has something of the aspect of a danger area in regard to overlapping, without presenting at the moment any actual and tangible difficulty. The fact that several provincial departments have been established to deal with trade matters--evidently designed to give some attention to external trade--suggests that it is by no means certain that federal and provincial efforts can be kept as free from duplication in future as they have been heretofore. At the same time the possibility of further development of provincial work lends little support to the belief that the Dominion Government would or could be freed from the responsibility of maintaining an adequate trade promotion service for the assistance of export business in all parts of the Dominion and in all classes of export products."

"In view of these considerations, it is submitted that the stationing of officers abroad for trade promotion purposes be regarded





TRADE COMMISSIONERS (Cont'd)

APPOINTMENT (Concluded)

NECESSITY OF IT BEING PRIMARILY A DOMINION RESPONSIBILITY  
(Concluded)

Dominion, Department of Trade and Commerce Submission: (Concluded)  
as being primarily the responsibility of the Dominion Government,  
and that provincial appointments be limited to cases in which the  
appointee is intended to act in a capacity which a federal officer  
could not assume--that is, as an actual sales agent or as the re-  
presentative of a particular group of producers. Were provincial  
officers to be sent into markets abroad under general trade pro-  
motion assignments, overlapping effort and unnecessary expendi-  
ture would be almost impossible to avoid.'

"Those two paragraphs sum up the conclusions of the Department on  
that question, as I understand it?"

Mr. Wilgress: "Yes, my Lord."

Report of Hearings

Ottawa, Ont., Feb. 16, 1938

pp. 4740-41

DUPLICATION OF SERVICES

DESIRABILITY OF DOMINION REPRESENTATIVE FOR PRODUCT OF CERTAIN AREA

Chairman: "If it is necessary to have a representative go there  
for the potato trade, where you have two or three provinces en-  
gaged in large scale production of a product, should not that  
representative be a Dominion representative?"

Mr. Wilgress: "There is no reason at all why the Dominion could  
not have sent a man to South America much the same as New Bruns-  
wick has done, if the Dominion had been requested to do so before  
New Brunswick took action."

Commissioner Dafoe: "Obviously there are sectional rivalries  
which the Dominion could not recognize."

Mr. Wilgress: "Undoubtedly; that is particularly true in the  
case of seed potatoes."

Report of Hearings

Ottawa, Ont., February 16, 1938

pp. 4723-24

DUPLICATION OF SERVICES

DIFFICULTY OF DOMINION APPOINTING REPRESENTATIVE FOR PRODUCT OF  
CERTAIN AREA

Dominion, Mr. Wilgress, Director of Commercial Intelligence  
Service, for:

Chairman: "I suppose Prince Edward Island will want to send a  
representative down there, too, Mr. Wilgress?"

Mr. Wilgress: "Exactly, that is the difficulty which might arise.  
A province could only do this on a provincial scale, whereas the  
Dominion could do it on a Dominion scale and if one province de-  
manded representation through the Dominion government, the other  
provinces would want to do likewise."

Report of Hearings

Ottawa, Ont., February 16, 1938

p. 4723



TRADE COMMISSIONERS (Cont'd)

DUPLICATION OF SERVICES (Concluded)

IN WORK OF SASKATCHEWAN'S LONDON REPRESENTATIVE

Dominion, Mr. Wilgress, Director of Commercial Intelligence Service, for:

Mr. Stewart: "I think Saskatchewan also had a representative in London in connection with agriculture, did it not?"

Mr. Wilgress: "I think that province still has a representative in London."

Mr. Stewart: "In what particular work is the representative engaged?"

Mr. Wilgress: "He is not actually engaged in the selling of these products, but is doing work very similar to that which our Trade Commissioners do. This representative is particularly concerned with the development of trade from the province of Saskatchewan through the Hudsons Bay Route."

Mr. Stewart: "This function would overlap the functions of your department, would it not?"

Mr. Wilgress: "Yes, I should think there would be some overlapping there."

Report of Hearings

Ottawa, Ont., February 16, 1938

p. 4724-C

DUPLICATION OF SERVICES IN WORK OF DOMINION AND PROVINCIAL TRADE COMMISSIONERS

Dominion, J. G. Parmelee, Deputy Minister of Trade and Commerce, for:

Major Parmelee: ". . . The work of the representatives of the provinces which I have just mentioned, might be regarded, I think, as supplementary. It would be difficult, indeed, to draw a sharp line of demarkation between federal and provincial spheres in the export trade, but at the same time, I think it should be recognized that the Dominion Government must continue to discharge this function in the interests of this country as a whole. Secondly, it is a feature of the department that the Dominion officer should be used for trade promotion purposes and should be regarded primarily, as responsible to the Dominion government. Provincial appointments should be limited to cases where the appointee is intended to act in the capacity which a federal officer could not possibly assume, that is, in the capacity of a selling agent. Some of these provincial agents look after the sales of provincial goods. In some cases, the provincial representative will represent a particular group, such as a group of lumber exporters in British Columbia. These lumber exporters have a representative in the United Kingdom, who is practically their sales agent. The representative of the Dominion department cannot make actual sales, our representatives are limited to the making of contacts. I think it would be a great mistake for the representatives of the Dominion government to make sales as it would lead to all sorts of difficulties."

Chairman: "Is selling the reason the provinces have established these trade agents, the desirability from the point of view of the province of assisting the merchants or manufacturers in making sales?"

Major Parmelee: "Only insofar as specialized lines are concerned, I would say, Mr. Chairman."





TRADE COMMISSIONERS (Cont'd)

DUPLICATION OF SERVICES IN WORK OF DOMINION AND PROVINCIAL TRADE COMMISSIONERS

Dominion, J.G. Parmelee, Deputy Minister of Trade and Commerce,  
for: (Concluded)

Chairman: "Does any confusion arise in a foreign country, in Great Britain for instance, due to the fact that there is a Dominion as well as a provincial representative?"

Major Parmelee: "On the contrary, sir, there is a large amount of co-operation between the two organizations. This fact has been greatly emphasized in the last few years in connection with the sales of lumber for the United Kingdom housing schemes. These provincial representatives have helped us, and we have helped them considerably."

Report of Hearings

Ottawa, Ont., Feb. 16, 1938

pp. 4714-16

DUPLICATION OF SERVICES IN WORK OF DOMINION AND QUEBEC, NOVA SCOTIA, AND NEW BRUNSWICK TRADE COMMISSIONERS IN MARKETING BIRCH FLOORING

Dominion, J. G. Parmelee, Deputy Minister of Trade and Commerce,  
for:

Major Parmelee: "... The representative of these provinces" (Quebec, Nova Scotia, and New Brunswick timber commissioner) "is doing very good work and the Dominion men are doing very good work in the matter of having birch flooring used."

Report of Hearings

Ottawa, Ont., February 16, 1938

p. 4720

DUPLICATION OF SERVICES IN MARKETING NEW BRUNSWICK POTATOES

Dominion, J. G. Parmelee, Deputy Minister of Trade and Commerce,  
for:

Mr. Stewart: "Is that work" (promotion of the sale of New Brunswick potatoes in South America) "which could not be handled by the Dominion Trade Commissioner?"

Major Parmelee: "In the past, it has been handled by the Dominion Trade Commissioner."

Report of Hearings

Toronto, Ont., February 16, 1938

p. 4717

PROVINCIAL TRADE COMMISSIONERS

DISADVANTAGES OF PROVINCIAL TRADE COMMISSIONERS

Dominion, Mr. Wilgress, Director of Commercial Intelligence Service,  
Major Parmelee, Deputy Minister, Department of Trade and Commerce, for:

Chairman: "... Assuming the provinces send trade representatives, in the sense you refer to in the last paragraph I have quoted, would there not only be overlapping but the likelihood of confusion and difficulty in promoting external trade?"

Mr. Wilgress: "Yes, my Lord, there would be great confusion. We would be imparting in the minds of people outside of Canada that we are a series of units. That is the province would be receiving publicity and the Canadian aspect of our trade would be less stressed. That is, I think, a very important factor which has to be borne in mind, that if the various provinces send representatives abroad there would not be the same co-ordinated effort for the promotion of the sale of Canadian products as such. The effort





TRADE COMMISSIONERS (Cont'd)

PROVINCIAL TRADE COMMISSIONERS (Cont'd)

DISADVANTAGES OF PROVINCIAL TRADE COMMISSIONERS (Concluded)

Dominion, Mr. Wilgress, Director of Commercial Intelligence Service,  
Major Parmelee, Deputy Minister, Department of Trade and Com-  
merce, for:

would be diffused in the sale of the products in each of the provinces."

Chairman: "You think it would be lending color to the view there are two sovereignties instead of one in the sense in which that is sometimes used."

Mr. Wilgress: "Yes. We find that in the case of the Argentine, they are talking very largely now about New Brunswick potatoes, on account of the efforts which have been made by New Brunswick down there, and there is, among potato growers of the Argentine who are not very well educated, the impression that New Brunswick is a sovereign state and they are much more familiar with the word New Brunswick than they are the word Canadian."

Commissioner Dafoe: "They might think they are two different countries."

Mr. Wilgress: "Exactly."

Major Parmelee: "They do in cases."

Report of Hearings

Ottawa, Ont., February 16, 1938

pp. 4741-42

PROVINCIAL TRADE COMMISSIONERS

REASONS FOR PROVINCIAL TRADE COMMISSIONERS

Dominion, Mr. Wilgress, Director of Commercial Intelligence Ser-  
vice, for:

Mr. Wilgress: "It has been the policy of the Department to oppose the subsidizing of any trade associations. It has also been a matter of policy not to allow a Dominion representative abroad to act as a sales agent. Certain of the provinces took the view that there was a need for trade association representatives abroad, and these provinces have subsidized these trade associations. The representatives of these associations which have been sent abroad, were specialists in certain lines. They had technical knowledge such as that which the British Columbia Timber Commissioner had. This man had a technical knowledge of forests and was thoroughly acquainted with the qualities of British Columbia woods. A Dominion Trade Commissioner would not have such knowledge, and his work is mainly concerned with the creating of propaganda in favour of the increased use of British Columbia wood. This is the main function of this representative; he represents British Columbia timber and the association whose representative he is, gets a subsidy from the provincial government."

Chairman: "The right of a private organization to do such a thing is a different matter; I rather thought from the memorandum, the provincial governments set up their own trade representatives."

Mr. Wilgress: "Not in the case of the timber representatives, either the British Columbia timber representative or the eastern timber representative; each of these men is the representative of a trade association. These trade associations receive subsidies from the provincial government. Trade representatives have been sent abroad by a province, who were specialists in some certain



TRADE COMMISSIONERS (Cont'd)

PROVINCIAL TRADE COMMISSIONERS (Concluded)

REASONS FOR PROVINCIAL TRADE COMMISSIONERS (Concluded)

Dominion, Mr. Wilgress, Director of Commercial Intelligence Service, for:

line. An instance of this is the trade representative sent out by New Brunswick for the sale of potatoes in the Argentine. There was a need there for a man with a technical knowledge of the potato trade and the particular qualities of New Brunswick potatoes. This man went down to South America and endeavoured to expand the trade. This man was able to speak of the superior qualities of seed potatoes grown in New Brunswick. This work was more to supplement what was already being done by the Dominion Trade Commissioner."

Report of Hearings

Ottawa, Ont., Feb. 16, 1938

pp. 4722-23

STANDING ABROAD

DISADVANTAGE OF LACK OF CONSULAR STANDING

Dominion, Mr. Wilgress, Director of Commercial Intelligence Service, for:

Chairman: "... as a matter of practical experience in operating the department would it be more advantageous to have the consular representatives than the trade commissioners?"

Mr. Wilgress: "I think I can answer that question, your Lordship, by saying that in foreign countries undoubtedly it is a handicap that we have no consular representative, that is our trade commissioners have not the status of consuls. A trade commissioner has no recognized standing in international law or international custom so that when we appoint trade commissioners to foreign countries it is sometimes difficult for them to have the same access to foreign Government departments that a consul would have or a properly accredited representative. In British Empire countries there is no handicap through not having consular representatives because the trade commissioner has a recognized standing in British Empire countries."

Chairman: "Yes. Then what I was coming at was this: Why is there a handicap to Canadian trade, Mr. Wilgress?"

Mr. Wilgress: "There really is not any handicap to Canadian trade through the lack of those functions but we are placed on dependence of British consuls, to which it might be said we do not contribute to the upkeep."

Chairman: "No, we get the benefit of the British diplomatic and consular service, the consular at least to the extent you have mentioned in all countries and the diplomatic in all countries where we are not directly represented, without any payment whatever."

Mr. Wilgress: "Exactly, that is the case, your Lordship."

Report of Hearings

Ottawa, Ont., February 16, 1938

pp. 4737-39





## TRADE, TOURIST

### AGENCIES, TOURIST TRAFFIC

#### VALUE OF DOMINION TRAVEL BUREAU IN CO-ORDINATING TRAVEL AGENCIES

##### Dominion's Position:

Mr. Dolan: "One of the main objects in the creation of the Canadian Travel Bureau was the co-ordination of the activities of the various tourist agencies and in this regard I think the bureau has justified its existence through the formation and maintenance of a close working co-operation with tourist organizations, not only of the provinces but of various municipalities and the chief transportation companies."

##### Report of Hearings

Ottawa, Ont., June 2, 1938

p. 9911

### DEVELOPMENT

#### DIRECTION OF TOURIST TRAFFIC A MATTER FOR PROVINCES

##### Dominion's Position:

Mr. Dolan: "Perhaps it might be said that the direction of tourist traffic is a question for the provinces themselves, but I am afraid if that argument were carried to its logical conclusion, it would mean that the municipalities and not the provinces are the organizations which should deal with the promotion of this industry. After all, it is the municipality which is in closest touch with the tourist after he arrives in Canada. Generally speaking, our tourist visitor, as soon as he crosses the international border becomes a non-resident taxpayer. In a particular province, he pays for the assistance to hospitals, and in several provinces he pays a tax on gasoline. In other provinces he pays a tax, especially if he is an angler or hunter. More than ever, non-residents are building summer homes in this country and becoming very valuable assets to the army of taxpayers in the country."

##### Report of Hearings

Ottawa, Ont., June 2, 1938

p. 9917

### DEVELOPMENT

#### DOMINION ADVERTISING POLICY

##### Dominion's Opinion:

Mr. Stewart: "In the advertising you do, do you advertise the special claims of particular localities?"

Mr. Dolan: "No, we endeavour to give a general picture of Canada, selling Canada, in a similar manner to the practice of the organizations in the Old Country. For instance, the French do not spend money specifically for Paris or Lyons, they sell France to the tourists. Organizations in England will sell England: Russia will sell Russia; Italy will sell Italy. They try to sell the country to the tourist rather than sell some particular area within that country. That is the policy which we have adopted, and I think it is sound."

##### Report of Hearings

Ottawa, Ont., June 2, 1938

p. 9923

### DEVELOPMENT

#### DOMINION POLICY

Mr. Dolan: "It is not part of the policy of this bureau to over-centralize the Canadian Tourist development. The nature of this field is such that a heavy share of useful public aid through the expansion of the business comes, and indeed must always come from the initiative of the provincial and civic organizations."

##### Report of Hearings

Ottawa, Ont., June 2, 1938

p. 9911

### DEVELOPMENT

#### EFFECT OF WORK OF DOMINION TRAVEL BUREAU

##### Dominion's Claim:

Mr. Dolan: "Frankly, the establishment of the Canadian Travel Bureau four years ago, and it worked during that period, has given



TRADE, TOURIST (Cont'd)

DEVELOPMENT (Cont'd)

EFFECT OF WORK OF DOMINION TRAVEL BUREAU (Concluded)

Dominion's Claim: (Concluded)

the tourist industry, I might say, a very definite impetus. We have, I believe, through co-operative effort, encouraged the provinces to give greater consideration to the potentialities of the industry. We have raised, I think, the interest of certain municipal bodies, which, heretofore, have been rather lethargic in their activities so far as the tourist industry is concerned.

"Secondly, we have, what is important from the tourist standpoint, we have done this through the federal government."

Report of Hearings

Ottawa, Ont., June 2, 1938

pp. 9913-14

DEVELOPMENT

FUTURE OPPORTUNITIES

Dominion's Opinion:

Mr. Dolan: "I still feel that there is a tremendous opportunity for this country in view of its proximity to the greatest travel market in the world, to increase its tourist traffic by almost 75 or 100 per cent."

Report of Hearings

Ottawa, Ont., June 2, 1938

p. 9918

DEVELOPMENT

REASON FOR DOMINION AID

Dominion's Position:

Mr. Dolan: "We feel, at least the Department feels, that there are several reasons why the Dominion should take an active part in the development of the tourist industry. First, tourist travel is now largely inter-provincial in character. With the extensive use made of the automobile for touring, the tourist may pass through several provinces, and the matter of inducing him to visit Canada and furnishing information as to routes, et cetera, becomes not merely a provincial, but an inter-provincial matter. Second, to the average tourist of the United States or Europe, the general term, 'Canada' gives an idea and meaning that the name of a province or other local area does not.

.....  
"Thirdly, I think there is a crying need for the carrying to Canadians themselves of the idea of touring Canada and thus diverting a great share of the expenditures by Canadian tourists into inter-provincial rather than into international channels."

Report of Hearings

Ottawa, Ont., June 2, 1938

pp. 9912-13

DOMINION TRAVEL BUREAU

DUPLICATION OF SERVICES

Dominion's Position:

Mr. Dolan: "I do not know whether the Commission has had any statements with reference to the overlapping of the work of the different tourist bureaus. Perhaps I might say this, that there does not appear to be any unavoidable duplication of effort, ex-





TRADE, TOURIST (Cont'd)

DOMINION TRAVEL BUREAU (Cont'd)

DUPLICATION OF SERVICES (Concluded)

Dominion's Position: (Concluded)

cept perhaps on an odd occasion which will happen even under the most systematic allocation of duties."

.....  
Commissioner Dafoe: "In your advertising, of course, you pay attention to particular localities. Is there ever any confliction resulting?"

Mr. Dolan: "No; I am glad you asked me that question. Approximately three years ago, we adopted a zoning policy with regard to newspaper advertising, that is, the particular attractions of the province are advertised in the newspapers published in states adjacent to those provinces. This gives to such provinces advertising which many of them would not be able to undertake owing to their limited appropriations."

Report of Hearings

Ottawa, Ont., June 2, 1938

pp. 9919-20

DOMINION TRAVEL BUREAU

EFFECT OF WORK OF DOMINION TRAVEL BUREAU

Mr. Stewart: "Is it your opinion that these inquiries would not come into the provinces in any event if your organization were not in existence?"

Mr. Dolan: "I am quite positive they would not, Mr. Stewart. Indeed, 76,000 of these inquiries came into our Bureau last year which was, I think, many thousand more than any one tourist bureau in Canada received during that period. We have had up to date this year, since the first of January, some 45,000 inquiries."

Report of Hearings

Ottawa, Ont., June 2, 1938

pp. 9922-23

DOMINION TRAVEL BUREAU

REASON FOR ESTABLISHMENT

Mr. Dolan: "It was believed that we were neglecting a great travel market in the United States, while the other countries were carrying reams of advertising copy asking people to go to Europe and Asia.

"Finally, the bureau was established, after many requests. This Canadian Travel Bureau keeps in close touch with the other tourist organizations throughout Canada, that is, the tourist publicity bureaus. It is believed, by these organizations, that the federal organization is not only important, but it is now imperative."

Report of Hearings

Ottawa, Ont., June 2, 1938

pp. 9914-15

DOMINION TRAVEL BUREAU

WORK OF DOMINION TRAVEL BUREAU

Mr. Dolan:

"From day to day the Canadian Travel Bureau has endeavoured to co-operate with every live organization of those types in the Dominion, and is extending to the development of Canada's recreational re-





TRADE, TOURIST (Concluded)

DOMINION TRAVEL BUREAU (Concluded)

WORK OF DOMINION TRAVEL BUREAU (Concluded)

sources a measure of federal support in such forms as will not duplicate or encroach upon the field of provincial or municipal activity. The underlying idea is this, that a central government organization, working in full co-operation with the provinces and with the municipalities and with the transportation companies of all forms, rail, steamship, air lines, bus lines, and the like, that with all these bureaus doing associate work the federal government will furnish leadership and promote good will and, I think, increase efficiency and avoid overlapping and misunderstanding."

Report of Hearings

Ottawa, Ont., June 2, 1938

pp. 9911-11A

FINANCIAL BENEFITS OF TOURIST TRADE

Mr. Dolan: "The Commission, I presume, is familiar with the financial benefits of the tourist trade and its importance in our economic progress and welfare. I do not suppose there is a community which does not benefit directly or indirectly through tourist travel in the Dominion of Canada."

.....  
"This large tourist expenditure in this country does much to stabilize the exchange and has been of special importance in relation to our international trade balance."

Report of Hearings

Ottawa, Ont., June 2, 1938

pp. 9915-17

PROMOTION OF TOURIST TRAFFIC

DUPLICATION OF SERVICES

Dominion's Position:

Mr. Gibson: "We work very closely in co-operation with provincial and Dominion bodies who are engaged in encouraging tourist travel."

Report of Hearings

Ottawa, Ont., May 30, 1938

p. 9634

TRANSIENCY

REGULATION

British Columbia, Hon. Dr. Weir, for:

Regarding the problem of transiency there are two major alternatives: either definite residence rules must be established throughout Canada so that the cost of health and other social services may be charged back to the Province of responsibility or else the Federal Government must contribute liberally towards the cost of such services provided to persons who have not acquired residence status in British Columbia.

Report of Hearings

Victoria, B. C., March 18, 1938

pp. 5214-15



## TRANSIENCY (Concluded)

### REGULATION (Concluded)

#### DOMINION

##### British Columbia's Recommendation:

"13. The Dominion should take the lead in obtaining uniform residence rules for every Province in Canada, and should assume full responsibility for health and welfare services to those persons who do not have residence qualifications in any one Province in accordance with rules established."

British Columbia Brief

p. 353

### RESPONSIBILITY

#### ADVISABILITY OF MUNICIPAL RESPONSIBILITY

Dominion, Mr. Dickson, Deputy Minister of Labour, for:

Commissioner Angus: "Mr. Dickson, do you think the municipality is the best authority to deal with people who are new-comers to the municipality--I mean transients, or people who arrive there from some other municipality or some other province?"

Mr. Dickson: "As soon as you start to differentiate you will get into very great difficulties, sir. The responsibility has to attach to some authority, and that is something which we have not interfered with; we have left the municipality concerned, with the approval of the province, to determine what shall be the regulations governing their distribution of relief within the municipality itself."

Commissioner Angus: "And as far as finding the funds is concerned, is the municipality responsible for the transients?"

Mr. Dickson: "The only transients the federal government has dealt specially with, are the single, homeless, unemployed, men and women; those for whom no municipality would accept and responsibility. There is a certain class in this country, as in every country, which goes from job to job, and the last job they had is in the municipality to which they are attached at the moment. Now, in 1931 that question was raised by one of the provinces--a western province--and after discussion and consultation it was decided that this class, who had no municipality to look to, necessarily became a charge of the province and the Dominion jointly; and the first arrangement was that they should be cared for by the province, with the Dominion contributing 50 per cent of the province's cost. Later, as the burden became greater, the Dominion assumed the full cost of a certain portion of them, who were taken care of in camps."

Report of Hearings

Ottawa, Ont., Feb. 16, 1938

pp. 4686-87

## TREATIES

### POWERS, DOMINION AND PROVINCIAL

Manitoba, Hon. Mr. Major, for:

Expresses belief that the Dominion Government could not implement by legislation, and thus give effect to, treaties that have to do with matters placed by the B. N. A. Act within the exclusive legislative competence of the Provincial Governments, without first obtaining the consent of the Provinces.

Report of Hearings

Winnipeg, Man., November 29, 1937

pp. 55 & 56





T R E A T I E S (Concluded)

POWERS, DOMINION AND PROVINCIAL

Saskatchewan, Hon. Mr. Davis, for:

In suggesting greater treaty powers for the Dominion Government, Saskatchewan does not go so far as to suggest that the Dominion Government should be given power to implement treaties the subject matter of which lies within the exclusive legislative competency of the Provincial Governments.

Report of Hearings

Regina, Sask., December 17, 1938

pp. 2279-81

POWERS, DOMINION AND PROVINCIAL

British Columbia, Hon. Mr. Pattullo, for:

In regard to the extension of the Dominion's authority under section 132 of the B. N. A. Act, British Columbia feels that the present powers of the Dominion Government need not be extended to matters now within the exclusive jurisdiction of the Province.

"The Dominion is given very wide treaty-making powers, almost plenipotentiary . . . . , but there is a little sinew, a protection there, for the provinces in case of necessity. It seems to me it is a very wise provision."

Report of Hearings

Victoria, B. C., March 23, 1938

pp. 5542-53

TRADE AGREEMENTS

PROVINCIAL RECIPROCITY WITH OTHER POWERS UNDER PROPOSAL OF INTER-PROVINCIAL TARIFFS

New Brunswick's Plan:

Commissioner Angus: "When you say 'we could make an agreement,' you mean the province of New Brunswick might negotiate an agreement with the United States or with Great Britain?"

Hon. Mr. Jones: "We could do it in this way: Perhaps we could not make a treaty but we could fix our tariff and they could fix theirs. We could simply have an understanding with them, well, we are going to reduce our tariff so and so and they are going to reduce theirs. It would not be by treaty. The question would arise, Mr. Stewart may say then that the province would have no right to make a treaty, only the Dominion may make treaties, but I think it could be worked in that way."

Commissioner Angus: "So the United States would have one rate of duty for things that came from New Brunswick and another rate for things that came from the central part of Canada?"

Hon. Mr. Jones: "Quite so."

Report of Hearings

Fredericton, N. B., May 19, 1938

pp. 8741-42



TUBERCULOSIS

TUBERCULOSIS CONTROL AMONG INDIANS

ADEQUACY OF DOMINION CONTROL

Dominion's Position:

Mr. Stewart: "Dealing with the Dominion Indian Affairs Branch, the suggestion has been made on more than one occasion that the services for segregation of tubercular Indians is inadequate?"

Mr. McGill: "That is true to quite an extent."

Report of Hearings

Ottawa, Ont., May 30, 1938

p. 9640

TUBERCULOSIS CONTROL AMONG INDIANS

DOMINION AND PROVINCIAL SERVICES

Dominion's Position:

Mr. Stewart: "As compared with the work of the provincial health authorities in seeking out and diagnosing tuberculosis patients is the medical services among the Indians comparable at all?"

Mr. McGill: "We try to get men trained in tuberculosis work, if possible, for our Indians, but as a matter of fact we use the diagnostic facilities of the provincial health authorities to the greatest extent possible. I mean by that provincial diagnostic clinics--travelling diagnostic clinics are used in Manitoba and British Columbia and in other provinces."

Mr. Stewart: "Do you think in view of the facilities available that there is as much chance of a tubercular Indian being discovered as the tubercular white person being discovered?"

Mr. McGill: "I do not think so, because in many parts of Canada the chance of an Indian being seen by any of our men is very remote. Take, for instance, the Patricia District."

Mr. Stewart: "Can you give us any suggestion or opinion on this point, that if the situation with regard to tuberculosis were more completely covered by the Dominion there may be a lessening in the tubercular rate among the whites in the various provinces?"

Mr. McGill: "Undoubtedly it would have an effect, but whether it would be a marked or appreciable effect I am not prepared to say. Certainly, if you clear up infection among one class of the people it will react favorably upon others in close proximity."

Report of Hearings

Ottawa, Ont., May 30, 1938

pp. 9641-42



## UNEMPLOYMENT RELIEF

### ADMINISTRATION

#### ADVISABILITY OF DOMINION ADMINISTRATION

Dominion, Mr. Hereford, Unemployment Relief Commissioner, for:  
Commissioner Dafoe: "We have had evidence before us as to where the greatest economy would be applied in the administration of relief. We had a very positive statement from an alderman at Winnipeg, that the Dominion could do it more efficiently and cheaply, than the municipalities, because of the fact the municipality put up only a percentage of the cost, made them subject to local pressure. Of course, we have had the other view, that the Dominion administration, if it took over the responsibility in the administration, would be more expensive. I do not know whether you or Mr. Hereford would care to express an opinion on that, I am not pressing for one."

Mr. Dickson: "Well, I think it would be obvious, Mr. Dafoe, that if the Dominion took it over we would have to set up machinery similar to what the municipality already has, and in that way it would certainly be a duplication. As to the ability of the Dominion, the set-up being more efficient than the municipal one, I think that is something which modesty would prevent a federal officer expressing a view upon. But, Mr. Hereford is free to express his view on it."

Mr. Hereford: "I would like to amplify what the Deputy Minister said in this regard, that that part of the problem which is due to unemployment might be handled largely through the National Employment Service, such existing, to that extent, it would not necessarily lead to very much increase in cost in our social problem, but is not one that lends itself, in my opinion, to the economical administration by the Dominion."

Chairman: "Do you mean, Mr. Hereford, by the social problem, the unemployables?"

Mr. Hereford: "Yes."

Commissioner Dafoe: "I think it was agreed by everyone who has given evidence that the unemployables, the duty of looking after unemployables, rested upon the municipality, with this qualification, that the number of normal unemployables had been slightly enlarged by the prolongation of the depression, and that the burden might temporarily be beyond the capacity of the municipality. But there has been a recognition that the municipality ought to look after the unemployables, but it is argued whether unemployment would have to be taken over, as a national organization, particularly if we had national insurance. Do not the two things tie up now?"

Mr. Hereford: "Yes, I think so, sir. I used the term 'social cases'; they are really unemployable, because some of these cases, never having been employed, are not necessarily described as unemployable,--children, for instance."

Report of Hearings,

Ottawa, Ont., Feb. 16, 1938

pp. 4693-95





UNEMPLOYMENT RELIEF (Cont'd)

ADMINISTRATION (Cont'd)

ADVISABILITY OF DOMINION ADMINISTRATION; SIZE OF PERSONNEL AND ABILITY OF DOMINION EMPLOYMENT SERVICE TO HANDLE UNEMPLOYMENT INSURANCE

Dominion, Mr. Rigg, Director of Employment Service, for:  
Commissioner MacKay: "The real question is this, I think; is unemployment relief, in the sense of relief for those who are temporarily unemployed, rather than relief for the large group which we call 'unemployables', to come under the Dominion; or assuming it should come under the Dominion, then would it be possible for the Dominion to administer, without setting up a large additional staff to do it? Could the Employment Service do it, assuming there is an Employment Service, enlarged to meet unemployment insurance?"

Mr. Rigg: "I am of the opinion that in order to administer relief,--I take it you mean by that the full control of relief, including the administration of money?"

Commissioner MacKay: "Yes."

Mr. Rigg: "I am of the opinion that the local facilities which would be supplied through the setting up of an organization under an unemployment insurance scheme would provide all the physical means that are necessary in the way of offices, and so on. I mean, it would, however, require that the staffs of these offices should be somewhat augmented in order that the work of relief administration might be discharged. Such a scheme, however, would represent a minimum increase in expenditure, because it would not involve the setting up of additional offices here, there, and yonder, in order to give effect to it. The organization would be there on a sufficiently widespread scale to permit such a scheme becoming effective if just a few more were added to the local staffs in addition to those who are actually needed to dispense the relief."

Report of Hearings,

Ottawa, Ont., Feb. 16, 1938

pp. 4697-98

ADMINISTRATION

ADVISABILITY OF MUNICIPAL ADMINISTRATION ON CONTRIBUTARY BASIS

Dominion, Mr. Dickson, Deputy Minister of Labour, for:

Mr. Stewart: "Is it your opinion that the municipality is the proper unit to deal with the administration of material aid?"

Mr. Dickson: "It would appear to be the logical one, being the one closest to the picture, and most conversant with the facts."

Mr. Stewart: "Are there any factors, in your opinion, which affect the ability of the municipality to perform the service?"

Mr. Dickson: "Only the financial one, I would think, Mr. Stewart."

Chairman: "I assume, Mr. Dickson, that answer about the municipality is based on the assumption that the municipality is paying a portion of the cost, is it not?"



UNEMPLOYMENT RELIEF (Cont'd)

ADMINISTRATION (Cont'd)

ADVISABILITY OF MUNICIPAL ADMINISTRATION ON CONTRIBUTORY BASIS  
(Cont'd)

Mr. Dickson: "It certainly would, your Lordship. It would be very anomalous for one authority to raise the money and another authority to distribute it."

Chairman: "I just wanted to get the point cleared up, that is all."

Mr. Dickson: "I think the principle must be very distinctly recognized, and adhered to, that the authority which is charged with the administration of any service should be the one also responsible for the raising of the funds; and the authority distributing or dispensing the funds, and levying them on the taxpayer, must also be responsible for accounting properly for those funds. Consequently, I do not see how the municipality could be dissociated entirely from the raising of the funds for relief purposes, which must be, necessarily, dispensed by the municipality."

Report of Hearings

Ottawa, Ont., Feb. 16, 1938

p. 4685

ADMINISTRATION

DIFFICULTY ARISING FROM TEMPORARY NATURE OF AGREEMENT

Mr. Stewart: "Your agreements with the province cover only the Dominion fiscal year, do they not?"

Mr. Dickson: "Yes. The Act is only for a year."

Mr. Stewart: "Does this setting up of a definite date have any effect on the difficulty of administration?"

Mr. Dickson: "Undoubtedly there are difficulties which arise from that arrangement; but the principle from the outset which has been observed is that we are dealing with an emergent and temporary situation."

Report of Hearings

Ottawa, Ont., Feb. 16, 1938

p. 4687

ADMINISTRATION

METHOD OF ADMINISTRATION

Chairman asks whether unemployment relief is best handled by municipalities, provinces or the Dominion.

Hon. Mr. Cross: "Well, Mr. Chairman, all I would observe with respect to that is that our experience is as I have indicated it with respect to our rural communities and the smaller towns and villages of the province. I think there is some merit in your suggestion with respect to the administration of relief in larger centres."

.....  
Commissioner MacKay: "Would it be fair to say that the difficulty of economically administering by municipal units increases with the proportion on relief?"

Hon. Mr. Cross: "No, I do not think that follows at all."





UNEMPLOYMENT RELIEF (Cont'd)

ADMINISTRATION (Cont'd)

METHOD OF ADMINISTRATION (Concluded)

Commissioner MacKay: "One question, if I may ask it here. Perhaps you would rather not answer it, and if not certainly say No. Do you think the present municipal unit is an efficient unit for the administration of social service or might it be better that in many cases the municipal units be grouped together, say, for instance, a metropolitan area, rather than a city and its outlying municipalities?"

H

Hon. Mr. Cross: "Have you reference to any particular social service?"

Commissioner MacKay: "I am thinking particularly of relief. I should have said relief."

Hon. Mr. Cross: "It has been our experience, I might say, that in the smaller communities where everyone knows those that are on relief that we get good administration and we have had no complaints in that direction. Whether some larger unit should be established with respect to the larger centres of population perhaps is a matter of policy which the government might consider at some time. We have generally maintained the status quo with respect to relief policy this year in Ontario until we saw what might be forthcoming from the Purvis Commission."

Report of Hearings

Toronto, Ont., May 4, 1938

pp. 7714-16

ADMINISTRATION

NECESSITY OF CO-OPERATION BETWEEN THOSE ADMINISTERING UNEMPLOYMENT INSURANCE AND THOSE ADMINISTERING RELIEF

Dominion, Mr. Rigg, Director of Employment Service, for:

Commissioner Angus: "I was only considering this point; would there have to be co-operation between the authorities administering the insurance and those administering relief for the same people, afterwards, or for people who were not under the scheme?"

Mr. Rigg: "I think as much co-operation would be necessary under the system when a person had exhausted his or her benefit, as exists today, sir."

Report of Hearings,

Ottawa, Ont., Feb. 16, 1938

p. 4699

AID FOR SUBMARGINAL AREAS, DOMINION

Manitoba, Hon. Mr. Bracken, for:

Suggests that the Dominion by financing a survey and helping to get individuals re-established on other lands could aid the Province to solve the problem of persons living in sub-marginal areas.

Report of Hearings

Winnipeg, Man. Dec. 2, 1937

p. 526



UNEMPLOYMENT RELIEF (Cont'd)

BRITISH COLUMBIA'S POSITION

British Columbia, Hon. Mr. Pattullo, for:

States that the Province is prepared to accept some financial responsibility, along with the Dominion Government, for unemployment relief. However, Ottawa should take the main responsibility. Does not mean to imply that the Dominion should set up its own organization: to be effective, unemployment relief would have to be administered by the Province. With certain qualifications would favour the present arrangement if the Dominion paid a larger percentage.

Report of Hearings

Victoria, B.C., March 18, 1938

pp. 5130-36

British Columbia, Hon. Mr. Pearson, for:

We want the scope of the Federal Government's responsibility for unemployment relief increased to take in certain types of unemployable relief cases. The Provinces should retain the administration and the Dominion should accept a larger percentage of the financial responsibility. If the Dominion Government extended its responsibility to certain types of unemployable relief cases the Province would be left responsible for only that different class of indigency created through physical and mental handicaps. The Dominion should set up, in addition, certain minimum standards, to which the Province would have to adhere if they were to receive assistance. This assistance would be in ratio expended by the Province.

Report of Hearings

Victoria, B. C., March 18, 1938

pp. 5136-40

CO-OPERATION, DOMINION-PROVINCIAL

British Columbia's Recommendation:

"14. Full responsibility should rest upon the Dominion for unemployment relief, but it is thought that the Provincial services, by agreement, could be used to advantage."

British Columbia Brief

p. 353

CROP, RELATION TO

Saskatchewan, Hon. Mr. Davis, for:

The relief case load in Manitoba varies directly with the success or failure of the crop.

Report of Hearings

Regina, Sask., Dec. 9, 1937

p. 1308

FINANCING

BASIS OF FINANCING UNEMPLOYMENT RELIEF

Ontario's Position:

Hon. Mr. Cross: "I might just draw to your attention there, Mr. Chairman, with respect to this problem, the recommendations of the Purvis Report on unemployment, wherein they suggest the Dominion should assume a greater responsibility with respect to the employable class, leaving to the provinces and the municipalities the unemployable class."





UNEMPLOYMENT RELIEF (Cont'd)

FINANCING (Cont'd)

BASIS OF FINANCING UNEMPLOYMENT RELIEF (Concluded)

Chairman: "But they pass on to us the responsibility of saying what should be the financial adjustments incidental to such an arrangement. You remember that in their report?"

Hon. Mr. Cross: "It may be that the financial arrangements should follow that division. The difficulty with respect to determining that, if from an administrative point of view that is a sound method of dealing with the problem, you cannot perhaps arrive at yet what the financial implications of that may be, because we do not know with any accuracy what the division of the two classes may be, as to how many persons are employable and how many persons are unemployable."

Chairman: "The Purvis Report makes a general classification, does it not, Mr. Cross?"

Hon. Mr. Cross: "Yes, it does make a general classification, but the actual statistics upon which the classification is made, when the classification is applied, there is not there any accurate statistics assembled as to the division of the two classes. They did gather information from the various municipalities from September to December, but I am very far from sure of the accuracy of the information which they received. And it would only be on a much more intense classification method than we have at present that we could arrive at the true picture."

Chairman: "Suppose, Mr. Cross, the division were, as you have suggested, the Dominion took care of the employable and the province the unemployable, there would be great temptation, would there not, to push men from one class into another?"

Hon. Mr. Cross: "Yes, that would inevitably follow. We have that problem already existing in the administration of social services, in the attempt, for example, of municipalities to throw people who are on relief into the classification of mothers' allowances because we are paying the entire cost. We have met that difficulty and it would be an administrative side of the problem which would have to be faced.

"I am quite frank to confess as far as the government is concerned we have given no consideration generally to what might be the outcome of the Purvis report until statistics are available, until we saw to what extent the federal government was going to take action with respect to that report."

Report of Hearings

Toronto, Ont., May 4, 1938

pp. 7711-12

FINANCING

ONTARIO'S CONDITIONAL PROMISE

Hon. Mr. Cross: "Well, Mr. Chairman, we have made the suggestion generally in this brief that the province might be able to assume a larger share of these expenditures if we were given the revenues with which we were originally expected to maintain them. Mr. Walters was dealing with that position this morning and that is one submission that we have made to this Commission with respect to the question you have raised."





UNEMPLOYMENT RELIEF (Cont'd)

FINANCING (Concluded)

ONTARIO'S CONDITIONAL PROMISE (Concluded)

Chairman: "The only difficulty I see there is the one I pointed out to Mr. Walters. While I can see how Ontario might do it on the figures given us, in reference to some of the provinces it would not appear possible that they could handle their own unemployment relief unaided, even if they had all the income tax collected within the province."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7710

JURISDICTION

Manitoba, Hon. Mr. Garson, for:

"We submit that the entire administration and financing of relief be handled as a single national system by the Dominion Government."

Report of Hearings

Winnipeg, Man., Dec. 2, 1937

p. 445

JURISDICTION

ADVANTAGES OF DOMINION JURISDICTION

Prince Edward Island, Hon. Mr. Campbell, for:

There is a general agreement that unemployment relief could be better administered by a single administration such as the Dominion Government. States he does not think that such a system would be more economic, but it would be more efficient and fairer. The central authority would naturally have to act through local organizations.

Report of Hearings

Charlottetown, P.E.I., Feb. 11, 1938

pp. 4517-18

JURISDICTION

DOMINION-PROVINCIAL JURISDICTION

Commissioner MacKay:

If the Dominion is to take over the whole field of unemployment relief, the province must be prepared to lose its autonomy in certain other respects.

Report of Hearings

Victoria, B.C., March 18, 1938

p. 5126

MANITOBA'S POSITION

Manitoba, Hon. Mr. Garson, for:

Wishes to reserve the right to make further representations in regard to unemployment when the final report of the Purvis Commission comes to hand. Until that time, Manitoba does not adopt an unalterable stand on the subject of relief.

Report of Hearings

Winnipeg, Man., Dec. 2, 1937

p. 431



UNEMPLOYMENT RELIEF (Cont'd)

NUMBER ON RELIEF

Saskatchewan, Hon. Mr. Davis, for:

Between 1929-30 and 1936-37 \$110,602,638 was expended by the Province of Saskatchewan on relief. Out of the population of 928,000 there are 500,000 in receipt of governmental assistance this winter.

Report of Hearings

Regina, Decmber 9, 1937

pp. 1301-07

Saskatchewan, Hon. Mr. Parker, for:

At the end of November 1937, 407,600 people were on relief in Saskatchewan. Before the winter is over, probably over half a million people will be receiving relief out of a total population of a little over 900,000.

Report of Hearings

Reginn, Sask., Dec. 10, 1937

p. 1353

P. R. R. A., APPRECIATION OF

Saskatchewan, Hon. Mr. Spencer, for:

The Government regards the work now proceeding under the P.F.R.A. as of tremendous importance.

Report of Hearings

Regina, Sask., Dec. 16, 1937

p. 2200

PROBLEM OF UNEMPLOYMENT RELIEF

Ontario's Position:

"As to the general problem of Unemployment Relief and its administration, the Province does not deem it necessary to deal with the matter at any length, in view of the comprehensive study and report of the National Employment Commission which has been submitted to the Federal Government.

.....

"The report of the National Employment Commission, among other features, recommends that a segregation as to classification be made of the employables from the unemployables, and that the Dominion assume extended responsibility in administration for the employable class. The Province, therefore, is unable to express any view as to this administrative side of the problem until the decision of the Federal Government is known as to what extent it proposes to implement these and other recommendations of the report."

Ontario Brief, Book 2

pp. 70 & 71

RECIPIENTS, SEGREGATION OF

Saskatchewan, Hon. Mr. Davis, for:

Gives as a personal opinion that part of the ultimate solution of the unemployment problem must consist of the segregation between employable and unemployable persons on relief.

Report of Hearings

Regina, Sask., Dec.. 15, 1937

p. 2003

RELATIONS, DOMINION-PROVINCIAL

Commissioner Dafoe:

If the Dominion is to assume complete responsibility for unemployment, would not the Dominion have to have the right to supervise





UNEMPLOYMENT RELIEF (Cont'd)

RELATIONS, DOMINION-PROVINCIAL (Concluded)

certain Provincial activities lest, for example, by depleting raw materials too rapidly and adopting other unsound policies, unemployment might be created.

Report of Hearings

Victoria, B.C., March 18, 1938

p. 5125

RESPONSIBILITY

Prince Edward Island's Case:

The relief of unemployment is a social service of national concern, with which only the national government is competent to deal in an adequate manner. We therefore recommend that this responsibility be definitely and exclusively assumed by the Dominion.

Prince Edward Island Brief

p. 46

Ontario's Conditional Promise:

"If the Dominion Government will look at this matter from a broad standpoint, they will accede to this request and will at least acknowledge the Provinces' right of priority in respect to direct taxation. If the Dominion authorities will do this, the Province of Ontario will be willing to look after unemployment relief and will ask no assistance from the Dominion Government, but will make an equitable arrangement with the municipalities, which will help to lift the heavy load of taxation that now bears upon real estate."

Ontario Brief, Book 2

p. 60

RESPONSIBILITY

DIVISION OF RESPONSIBILITY BETWEEN DOMINION, PROVINCES AND  
MUNICIPALITIES

Dominion, Mr. Hereford, Unemployment Relief Commissioner, for:

Mr. Stewart: "Is there, in your opinion, Mr. Hereford, any possibility of dividing the field of relief as between the Dominion and the municipal or provincial authorities, along any well defined line?"

Mr. Hereford: "You are asking me, sir, to make a suggestion that might not necessarily be one which has been fully explored?"

Mr. Stewart: "Yes."

Mr. Hereford: "It must be within the federal field or responsibility to provide for those whose need arises from lack of employment, and that instead of joint works--joint projects--each government, in making expenditures, should make them in their own jurisdiction; the federal government making such expenditures for works as they think necessary, and the provincial governments doing the same, co-ordinating their efforts as to time and place so that the projects do not overlap. Then, to the municipalities might be reserved the social service, including the care of the unemployable."

Mr. Stewart: "That is, the unemployable to be left to the municipality?"

Mr. Hereford: "Yes."

Mr. Stewart: "On that basis each authority would administer its own work?"



UNEMPLOYMENT RELIEF (Cont'd)

RESPONSIBILITY (Cont'd)

DIVISION OF RESPONSIBILITY BETWEEN DOMINION, PROVINCES AND  
MUNICIPALITIES (Concluded)

Mr. Hereford: "Would administer its own work, and spend its own funds."

Commissioner MacKay: "How could you co-ordinate the public works of all these government authorities? Would you not need some sort of council--public works council, or something of that sort?"

Mr. Hereford: "Well, I have not given any particular thought to the machinery which might be necessary, but something of the kind you have mentioned would be necessary."

Commissioner MacKay: "It would not be advisable to leave each municipality and each provincial government and the Dominion government to undertake works without reference?"

Mr. Hereford: "Decidedly not, no. I think there should be some co-ordination, if such a suggestion as I have just given is found to be feasible--there should be some co-ordination between the municipal, provincial, and federal governments as to what work they would do."

Report of Hearings

Ottawa, Ont., Feb. 16, 1938

pp. 4689-90

RESPONSIBILITY

DOMINION RESPONSIBILITY

Manitoba, Hon. Mr. Garson, for:

The financing of relief on a current basis is beyond the present revenue-producing capacity of Manitoba and of perhaps certain other Provinces. Whatever plan we adopt must apply to other Provinces equally both rich and poor. There is always going to be a considerable variation in the wealth and income of the various Provinces. These are additional reasons why the administration of relief should be under Dominion auspices.

"The only way in which a national minimum standard of social services for Canadians can be achieved is by increasing the amount of the percentage borne by the Dominion."

Report of Hearings

Winnipeg, Man., Dec., 2, 1937

pp. 465 & 466

RESPONSIBILITY

REASONS FOR ASSUMPTION BY DOMINION

British Columbia:

It is submitted that the responsibility for the care of the employables who are unemployed should be fully assumed by the Dominion for the following reasons:

1. Unemployment today is different in character from what it used to be. The problem of unemployment is no longer sectional, seasonal, or temporary: it has attained dimensions requiring treatment for the peace, order, and good government of Canada.





UNEMPLOYMENT RELIEF (Cont'd)

RESPONSIBILITY (Concluded)

REASONS FOR ASSUMPTION BY DOMINION (Concluded)

2. The condition is now national in scope and presents problems of a national character with which only the national authority can properly deal. The three basic problems of unemployment require co-ordinated remedial measures which only the Dominion can undertake. Unemployment insurance, for example, must be national if it is to be effective and cannot logically be divorced from the problem which makes it necessary or the policy affecting its existence.
3. Unemployment by its very nature requires to be dealt with by Federal powers. If it is of general seriousness, no other power is adequate. If unemployment is concentrated in certain localities these areas are least able to bear the burden.
4. If the Provinces are to be given relief by the Dominion from their present relations it would be difficult to find a more equitable form of readjustment for the assumption by the Dominion of responsibility for unemployment.
5. It is the most effective way to deal with transiency. British Columbia has a special claim in this regard because of her mild and attractive climate and geographical position. In any case transiency regulations must be set up in the case of the unemployables. This Province must be given protection against the unemployables of other regions who are arriving in increasing numbers.

"Brief of Argument"

pp. 33 & 34

RESPONSIBILITY FOR UNEMPLOYABLES

Manitoba, Hon. Mr. Garson, for:

Those who have always been unemployable by reason of physical disability should remain a Provincial responsibility. The Province should certainly assume administrative responsibility but financially it will be necessary for the Dominion to contribute 50 per cent of the cost.

Report of Hearings

Winnipeg, Man., Dec. 2, 1937

p. 437

Manitoba, Hon. Mr. Garson, for:

The unemployed unemployables should be under Provincial administration with Dominion assistance,

Report of Hearings

Winnipeg, Man., Dec. 2, 1937

p. 446

British Columbia, Hon. Mr. Farris, for:

As regards responsibility for unemployment relief, it is generally undesirable to establish subdivisions of responsibility, part to one jurisdiction and part to another, and therefore if the Dominion is to assume responsibility for employable unemployed persons it might be reasonable that the Dominion should also assume responsibility for the unemployable unemployed.

Report of Hearings

Victoria, B.C., March 18, 1938

pp. 5120-22





UNEMPLOYMENT RELIEF (Cont'd)

SCHEME, PRESENT

EFFICACY OF PRESENT SCHEME DURING LAST FIVE YEARS

Commissioner Dafoe's Opinion:

Dominion, Mr. Dickson, Deputy Minister of Labour, for:  
Commissioner Dafoe: "I would like to ask Mr. Dickson, and Mr. Hereford whether they are satisfied with the plans which have been worked out and adopted in the last four or five years, I would like to know if you gentlemen think these plans have been equal to the task for which they were created? Do you think all deserving cases have been looked after? There might be an instance of a person in need who really does not belong to any one of the thousands of municipalities, but after all, he is a citizen of the Dominion. Is it your opinion that the organization has been so perfect that no one deserving aid has been allowed to fall through the gaps in the system? It seems to me, speaking from personal experience, that there are gaps in the system. When Alderman Biggar appeared before the Commission, he said the city of Montreal was taking the most elaborate precautions to prevent persons moving into the city and going on relief. I asked him what happened if people did manage to get into the city, and his reply was to the effect that the city refused to accept the obligation. I further asked him how these people lived for a year and he informed me that they were looked after by the different charitable organizations. These people are all citizens of Canada and, presumably, if the charitable organizations did not come to the assistance of these people, they would starve. Would this not indicate that the system of putting the responsibility all on the municipality breaks down, at least, in many individual cases?"

Mr. Dickson: "The contrary side of the picture, Mr. Dafoe, might be this, I am looking at it now from the standpoint of the municipalities; if the municipalities made no regulations controlling the expenditure of relief funds, but gave an open invitation to all to come and share in the feast. The result of this procedure might be that our large cosmopolitan centres would become relief centres rather than what they set out to be, namely industrial centres. One criticism of the system which is now in force might be that a maximum of those who needed relief have received it. The number of persons who have needed relief and who have not received it would be infinitesimal as compared with the total number of persons who received relief. Another criticism which might be made of the system which has obtained, is that the standard of relief is left to the judgment of the municipal authorities with the approval of the provincial authorities and the result has been a wide disparity as to the standard of relief in force in the different parts of the country. The natural consequence of such a position is that the people flock from the centres where the municipal authorities have decided they would not give relief, and certain municipalities so decided, to the centres where relief was known to be given on a generous scale."

Commissioner Dafoe: "That would indicate to me, that the system was not infallible. The Commission was told in Regina, and the same thing holds true in Manitoba, that there has been a good deal of feeling between the cities and the rural municipalities, growing out of the fact that people are coming into Regina from the rural municipalities. The cost of relief for these people has been billed back to the municipality from which they came and the difference between what the relief would have been in their own municipality and what it was in Regina was so large that it developed quite a feeling between the rural municipalities and the city. I do not see how you can escape that feeling if you make the rural municipalities units for the administration of relief. However, if relief were administered by the Dominion governments, these people could be told to stay where they were; if these people desired relief, they could not get it anywhere else. This system might not only be a source of greater economy, but it might prevent this friction which has developed all over the country between the rural municipalities and the towns."

Mr. Dickson: "It must be recognized that the municipality, within the ambit of its own authority, is autonomous."

Commissioner Dafoe: "Yes, under the existing system."



UNEMPLOYMENT RELIEF (Concluded)

SCHEME, PRESENT (Concluded)

EFFICACY OF PRESENT SCHEME DURING LAST FIVE YEARS (Concluded)

Mr. Dickson: "Under our constitution, the municipality is autonomous in its particular field, and we would have to abrogate that constitution if any other authority were to enter into the municipal field to administer some of the functions which are municipal in scope."

Report of Hearings

Ottawa, Ont., February 16, 1938

pp. 4706-08

SERVICES, UNEMPLOYMENT RELIEF

CO-OPERATION BETWEEN DOMINION AND MUNICIPAL SERVICES

Dominion, Mr. Hereford, Unemployment Relief Commissioner, for: Commissioner Angus: "We have had a comparison of the efficiency of the two types of service, Dominion and municipal. How far do you think the closest co-operation between them is possible? Is it possible to have effective co-operation between people who obey two different authorities?"

Mr. Hereford: "No, I do not think so, sir."

Report of Hearings

Ottawa, Ont., February 16, 1938

p. 4695

SUBSIDIES

NECESSITY OF DEFINITE ARRANGEMENTS BETWEEN DOMINION AND PROVINCE

Ontario's Position:

Hon. Mr. Cross: "... Now, one of the points that was made in the Report of the Purvis Commission was the rather unsatisfactory state of affairs that prevailed between the Province and the Dominion with respect to the determining of the grants-in-aid. That has been a very serious objection on our part to the method employed by the Federal Government, and we have made, as a Government, very strong representations to that Government, and have been supported by the Ontario Mayors' Association of the Province. The difficulty we are faced with is this, Mr. Chairman; that the Province, of course, has to set its budget for the fiscal year during February, and that budget is brought down in March. The municipalities have to do likewise, they have to fix their budgets during March and April, and we are not advised by the Federal Government as to what grant-in-aid they propose to make throughout the whole year. For example, while we had an agreement with Ottawa for the past three months, we have no agreement at the present time. We have no knowledge, no formal communication from Ottawa as to what their grant-in-aid will be for the three months, nor for the rest of the period of the year. You can appreciate readily the budgetary difficulties that that presents to the province and to the municipalities, when we have no advice as to the amount of grant-in-aid we may expect for our calendar year or fiscal year."

Report of Hearings

Toronto, Ont., May 4, 1938

pp. 7704-05

Ontario's Position:

Hon. Mr. Cross: "...we should be able to have some definite understanding with the Dominion Government with respect to a whole fiscal year, in order that both we and our municipalities might strike our budgets accordingly."

Report of Hearings

Toronto, Ont., May 4, 1938

p. 7710





## U N I O N , M A R I T I M E

### REASONS AGAINST MARITIME UNION

Nova Scotia, Hon. Mr. Macdonal, for:

The proposal for a Maritime union dates back to 1854 but despite this long consideration of the question there is not as yet any overwhelming majority of sentiment in Nova Scotia for such a union.

The Duncan Commission was not impressed with the argument that a material financial saving would result. Another consideration is the considerable diversity in the industrial pursuit followed in the three Maritime Provinces.

At the present time there is a considerable degree of co-operation in many matters between all of the Maritime Provinces: examples being technical and agricultural education, juvenile detention homes, etc.

There is also the difficulty that the Maritime Provinces are relatively far older than the Western Canadian Provinces and hence local loyalties are more deeply rooted. And there is the considerable doubt as to whether any real saving could be affected by reason of a union such as is proposed.

Report of Hearings

Halifax, N.S., February 8, 1938

pp. 4223-26

Prince Edward Island, Hon. Mr. Campbell, for:

As regards the proposed Maritime Union, it is impossible so far as I can see it, that we should contemplate any definite union with the other Maritime Provinces, although we have a great many interests in common and of course do co-operate to a very large extent. So far as Prince Edward Island is concerned there would be definitely no saving affected although there might be some advantage gained by the Union of Nova Scotia and New Brunswick. The adjustment of the Provincial debt would be very difficult being only approximately \$59 per capita in Prince Edward Island, compared with about \$150 or more for the other two Provinces. Already because of our numerical and geographical insignificance we suffer in Dominion-Provincial relations; however, because of being a Provincial unit, we gain a certain amount of prestige. Should this last advantage be lost we would have even greater difficulty in obtaining our proper rights as we can see them. The proposed Maritime union is no longer a live issue in this part of the country although it is still occasionally suggested in the central Provinces.

Report of Hearings

Charlottetown, P.E.I., February 11, 1938

pp. 4545-48

## U N I O N O F P R A I R I E P R O V I N C E S

### ADVISABILITY OF PRAIRIE UNION

Saskatchewan, Hon. Mr. Patterson, for:

As regards the suggested amalgamation of the three Prairie Provinces. while the Saskatchewan Government has made no detailed study of the suggestion, feels that it would be quite possible to administer such a large provincial unit. However, the estimated economies have been greatly exaggerated. And, in fact, by far a greater proportion of present governmental services would have to be continued exactly on their present basis.

The chief merit in the proposal is the increased status that the Prairie section of Canada might hold within Confederation. Another important advantage might be the greater possibility of legislative uniformity throughout the Prairie region.

Report of Hearings

Regina, Sask., December 17, 1937

pp. 2271-74



## W A G E S

### MAINTENANCE OF FAIR WAGES

DOMINION COULD ARRANGE FAIR WAGES, AND DOES ACCEPT PROVINCIAL CODES

Dominion, Mr. Dickson, Deputy Minister of Labour, for:

Mr. Stewart: "Do you think further co-operation by the provinces might result in increased efficiency or some economy, if they were to accept the findings of the Dominion Department as to whether fair wages obtained in the various districts?"

Mr. Dickson: "Do I understand you to ask me whether the Dominion could cover the whole field?"

Mr. Stewart: "Yes."

Mr. Dickson: "I see no reason why that would be impossible."

Mr. Stewart: "Or on the other side could the Dominion accept the fair wage schedules of the various provinces without further investigation?"

Mr. Dickson: "In many instances we adopt them. Where they have issued codes, in order to obviate any confusion and to have uniformity, we adopt them."

Report of Hearings

Ottawa, Ont., February 15, 1938

p. 4665

## W A T E R P O W E R

### WATER POWER BUREAU, DOMINION

DUPLICATION OF SERVICES

Dominion's Position:

Mr. Stewart: "On page 28 you refer to certain investigatory work carried out, including maintenance of stream flow measurements and allied records from coast to coast in co-operation with the provinces. Would there not be more economy if either the Dominion or the provinces retired from that field, Dr. Camsell?"

Mr. Wardle: "The arrangement with the provinces in regard to control is such that not one dollar is duplicated and no work is duplicated in any way. There is close co-operation between the Dominion organization and the various provincial research organizations. Each one has a certain defined function to perform, and all work either in the field or in the office is laid out for either the one organization or the other."

.....  
Mr. Stewart: "I was not suggesting by my question that there may be overlapping or duplication, but rather than have two organizations in the field could not the whole thing be done more economically by one organization in the field?"

Mr. Wardle: "That is not our opinion. There must be one organization which will have access to all records relating to water resources;...."

Report of Hearings

Ottawa, Ont., May 30, 1938

pp. 9637-39

## W H E A T

### POLICY OF PRAIRIES

CAUSE OF PRAIRIES' DISABILITIES

Ontario, Hon Mitchell F. Hepburn, for:

"The case of the Prairie Provinces for compensation at our expense rests on the fallen fortunes of the wheat-growers.....the subject has been investigated by authoritative bodies, including the Imperial Economic Committee, the International Institute of Agriculture and the League of Nations, and, without dissent, they agree that the catastrophe began with an upset in the ranking of wheat exporters during the war" (Quotes table from Imperial Economic Committee Reports (1931), 'The Wheat Situation', p. 49.)





W H E A T (Cont'd)

POLICY OF PRAIRIES (Concluded)

CAUSE OF PRAIRIES' DISABILITIES (Concluded)

Hon. Mitchell F. Hepburn goes on to interpret table quoted above by extracts from results of an investigation into the Agricultural Crisis by the Economic Committee of the League of Nations in 1931. This investigation found that:

"1. 'The depression in agricultural products is the bottom of the general crisis, the depression in cereals is at the bottom of the agricultural depression.

"2. 'The outbreak of war upset the production of and trade in wheat. It caused Russia, which had been the principal exporter before 1914, to disappear from the list of exporting countries. It brought about a considerable decrease in sowing and an enormous deficit in crops in Europe. It stimulated the extra-European producers. Attracted by the prices, which had risen to three times their previous level, the overseas farmers cleared and sowed virgin soil. Banks advanced them money; factories supplied them machinery. In a few years the land under wheat increased as much as in the previous forty years.

"3. 'The rise in the production of wheat is essentially due to the great overseas producing countries. The increase which has taken place in Canada is of the greatest absolute and relative importance.'

"If the League's Committee is right in concluding that the relative over-production of wheat was responsible for the Agricultural Crisis, and right, that Canada, in this instance, Western Canada, was responsible for the 'greatest absolute and relative' over-production of the world's wheat supply; then the Prairie Provinces are themselves the makers of their own (and other people's) misfortunes. And the parties to the Regina Conference assisted the farmers of Western Canada to grow more wheat...

"When the battle-fields of Europe were turned back again into wheat-fields and their former customers gave notice after notice (by tariff rates) that they intended to supply their own daily bread, the governments of the Prairie Provinces seem to have gone right on encouraging wheat-growers to expand production." Quotes Professor Bertil Ohlin (Stockholm) and statistics. Professor Ohlin's statements "seem to prove that 'instead of more Canadian money being needed, in 1931, the need was less Canadian wheat.'" Professor Ohlin points out that "in the years following the war the production of wheat tended to exceed the quantities that could be sold at prices affording farmers the customary returns and standard of living.... Hence it must be asked: How is it that the bumper wheat crop of 1928 did not lead to a far-reaching reduction of prices, and thereby to a shift in production and a smaller acreage under wheat? The answer is not difficult to find. Part of the crop was withheld from the market by the Canadian Wheat Pool, which succeeded in raising quotations towards the end of 1928.'

"In view of that record.....it is almost incredible that the Prairie Provinces should now claim disability against the rest of Canada because the wheat-growers of the Prairie Provinces were not enabled to enter into competitive devaluation of currency with Australia....."

Ontario Brief, Book 1

pp. 13-16

PRODUCTION

BENEFIT OF NECESSITY OF LOWER PRODUCTION

Ontario argues that the necessity for lower production is not without its advantages in that it avoids danger of social revolution as in certain European countries caused by the mechanization of farms, concentrating ownership of land in too few hands.

Ontario Brief, Book 1

p. 20





W H E A T (Concluded)

PRODUCTION OF WHEAT

SIZE OF FARMS

Ontario, Hon. Mr. Hepburn for:

"It naturally follows with the highly mechanized methods of farming now, that farms will increase in size. That is the natural trend of events."

Report of Hearings

Toronto, Ont., May 2, 1938

p. 7433

SUBSIDIZATION OF WHEAT

INDUSTRIALIZATION OF WEST

Hon. Mitchell F. Hepburn says "I sometimes think, if the millions of state funds (Provincial and Federal) expended on wheat seed that blew away, had been put into mills and factories, the West would have been able to clothe itself and provide most of the goods of life." In criticising the weaknesses of the tariff claims observes that the Prairies' products are chiefly primary and thinks it would have been better if Dominion and Provinces had subsidized industrialization, rather than wheat, because they then would have been better able to provide for themselves.

Ontario Brief, Book 1

p. 27













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